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United States of America

IN THE

Supreme Court of the United States

OCTOBER TERM, 1952

No. 812

GENERAL MOTORS CORPORATION and
CITY CHEVROLET COMPANY,
Petitioners,
vs.
JOHN W. J. ACKERMANS,
Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioners, General Motors Corporation and City Chevrolet Company, pray that a writ of certiorari issue to

review the judgment of the United States Court of Appeals for the Fourth Circuit entered in the above-entitled case on March 6, 1953. A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the Rules of this Court.

OPINIONS BELOW

The opinion of the District Court (R. 2-13) is reported in 108 F. Supp. 368. The opinion of the Court of Appeals (R. 176-184) is reported in 202 F. (2d) 642.

JURISDICTION

The judgment of the Court of Appeals was entered on March 6, 1953 (R. 184). The jurisdiction of this Court is invoked under 28 U. S. C. Sec. 1254 (1).

CONSTITUTIONAL PROVISIONS INVOLVED

The pertinent Constitutional provisions are Article I, Sec. 8, and the Fifth Amendment of the Constitution of the United States.

The pertinent statutes are 35 U. S. C., 1946 edition, Sec. 31 (R. S. 4886).

QUESTIONS PRESENTED

1. The bare, routine voluntary submission by the applicant of his pending patent application to a recipient and the showing that later the recipient manufactures a de-

vice of similar character, does not place the recipient under a presumption of fraudulent misappropriation of the disclosure subject to disproof only under the criminal standard of evidence by proof "beyond a reasonable doubt". To hold contrary constitutes a denial to the recipient of due process in violation of the Fifth Amendment to the Constitution of the United States and creates a direct and substantial conflict between the public policy of the Constitutional provision and laws of the United States pertaining to patents and the proper scope of protection of legitimate trade secret rights. *Oriel v. Russell,* 278 U. S. 358, 364; *Moore v. Ford Motor Co.,* 43 F. (2d) 685, 688 (C. A. 2).

2. The mere voluntary submission of a pending patent application by an applicant to a manufacturer, in the absence of an express agreement, does not render the manufacturer liable to the applicant for appropriation of the disclosure, where the manufacturer independently developed its own device which differentiates in construction and mode of operation from the disclosure, and in no event renders the manufacturer liable except under the Patent Laws. To hold otherwise is directly in conflict with the decisions in *Young v. Ralston,* 88 F. (2d) 97, C. A. 8; *Canfield v. Blaw-Knox,* 98 F. (2d) 805, C. A. 3; *Lueddecke v. Chevrolet et al.,* 70 F. (2d) 345, C. A. 8; *Macbeth-Evans Glass Co. v. General Electric Co.,* 231 F. 183, affd. 246 F. 695, C. A. 6; *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co., Inc.,* 153 F. (2d) 516, C. A. 2 and is directly contrary to the principles enunciated by the Court in *Scott Paper Co. v. Marcalus Mfg. Co.,* 326 U. S. 249.

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4. A patent is not infringed by an accused device, which has been so far changed in principle from that of the patent, that it performs its function in a substantially different way; to hold otherwise is in direct conflict with the decisions of this Court in *Graver Tank and Mfg. Co. v. Linde Air Products Co.*, 339 U. S. 605, 608-609; *Kokomo Fence Machine Co. v. Kitselman*, 189 U. S. 8, 18, 19, 23; *Cimiotti Unhairing Co. v. American Fur Refining Co.*, 198 U. S. 399, 413-415; the last two cited and applied in *Mackay Co. v. Radio Corp.*, 306 U. S. 86, 94-95, 101-102.

SUMMARY AND SHORT STATEMENT

This suit was originally instituted in August, 1951, for infringement of the Ackermans patent, No. 2,549,153 after its issue on April 7, 1951. The complaint alleges notice by Ackermans to Petitioner, but only of infringement of the patent. Thereafter, on September 24, 1951 (R. 13), nearly two years after Petitioner's construction was on the market early in 1950 (Tr. 284), the complaint was amended, alleging breach of confidence of a submission made by Ackermans to Petitioner of his application for patent in May 1946, nearly five years before the issue of the patent. The answer (R. 14) while admitting the submission of the application to Petitioner, denied that such submission was in confidence. The amended answer (R. 16, 17) denied that what Ackermans had submitted was a trade secret, but alleged that it was fully known to the public generally and to particular persons in the automotive industry long before such submission.

Plaintiff Ackermans filed, May 1, 1946, a patent application (PX2), Serial No. 666,413, for a "Folding Top for

Automobiles", and his patent No. 2,549,153 (PX1) issued on April 17, 1951. (See copy, bound booklet, tab. 7.)

On May 10, 1946, nine days after the filing of his application, Ackermans submitted a copy of the drawings and specifications of his application, as then filed, to Petitioner General Motors and specifically to Dumville, Director of the New Devices Section of General Motors (R. 18, 19, 32). About six weeks later, the New Devices Section informed Ackermans that they were not interested in his device (R. 33). *There is no evidence that the disclosure by Ackermans to General Motors was in confidence* (R. 11) 108 F. Supp. 368, p. 373 right.

Concurrently with the submission by Ackermans, of the drawings and specifications of his application to General Motors Corporation, he also submitted them to practically the entire autmotive industry, namely: **Ford Motor Company, Chrysler Corporation, F. L. Jacobs Company, Motor State Products, Kaiser-Frazer Corporation, Briggs Body, Nash Motor Company, Murray Body, a Mr. Olivier,** and to the **American Institute of Inventors,** (R. 33-36). The submission to Ford was before that to General Motors. The submission to Chrysler was in the middle of May, 1946, and the submissions to all the rest in the automotive industry were made in 1946 (R. 35-36).

Ford produces a folding top whose seal is illustrated in the apendix and verified by the affidavit printed in the appendix. A mere comparison of the Ford seal with that of General Motors will show that the two are practically the same. Ackermans testified that Ford was using his alleged invention (Tr. 135-137). Ford like General Motors has assembly plants in the Fourth Circuit (see affidavit in appendix), accordingly; Ford like General Motors is subject to suit in the Fourth Circuit.

The Ackermans' folding top, referring to the patent, booklet tab 7, is illustrated in the drawing, Sheet 1, Figs. 1 and 2, but in detail on Sheet 3, Figs. 9 and 10. The top is moved conventionally from a folded position to a raised position over the body. The feature here involved is the sealing of the sides of the top fabric 126 at the belt line 121 of the body 122. The fabric in the zone forward (leftward) of 132, Fig. 9, has a weatherstrip 130, provided with seals 128 arranged to bear against the flat inside face of the body. This weatherstrip and the top fabric are attached to a folding pillar 22, hinged at 24 to the body, so that when the top is raised, the pillar, by swinging to the left, Fig. 9, will exert a pull or tension on the top fabric to lay the weatherstrip against the inner wall of the body at the top edge or belt line. The action is analogous to stretching a handkerchief along a flat wall so that it will lie thereagainst. That is the feature of the Ackermans patent described by the Court of Appeals in its decision as follows (R. 117), 202 F. (2d) 643, (see illustration in Appendix):

> "Briefly stated, his invention consisted in a rubber cushion,* attached to the fabric of the canvas top where it came in contact with the belt line, or top portion, of the body and fastened at the rear to the belt line and at the front to the folding pillar beneath the belt line so that the forward pull of the folding pillar woud draw the cushion under tension against the belt line and thus seal it against the weather."**

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*Note: The word cushion is not found in the specification which uses the word "weatherstripping section", see patent, col. 6, line 31. The word "cushion" was first inserted in the claims by amendment Oct. 1950, PX29, Amendment E, Paper 14, after General Motors' folding top had been on the market several months, TR. 284. See p. 30 *infra*.

**See also District Court's Decision, 108 F. Supp. 368, 370 left. See also Ackermans' admission (R. 29, 31).

That is also set out in claims 7 and 12, quoted by the Court of Appeals (R. 177-8) 202 F. (2d) 643.

In General Motors' construction (R. 159, see also illustration in appendix) the top edge of the body 4 has a turned down flange 19 which is backed by a reinforcement 3, 5, against which is arranged to lie a pocket 18 on the inside of the top fabric. This pocket holds a sponge rubber cushion 17. The inside of the body part 19 is, however, not flat, but concaved outwardly so that mere stretching of the pocket and its cushion will not draw or press the pocket against the inside face of the body part 19, but rather away from the inside wall. See booklet, p. 54. There is provided a pressure arm 21, which, when the top is moved to cover the body, forcibly presses the pocket with its cushion against the concaved body side, so as to form the seal. That is obviously not the construction of the Ackermans' Patent; nor is the mode of operation the same. The departure is radical from what was disclosed to General Motors by the Ackermans' application.

While in 1946 the Ackermans' application was submitted by General Motors to its employee, Coppock, whose deposition was taken by plaintiff (R. 18), *nothing in top development was done by Coppock, until 1950 after Mackie and Duluk of General Motors had independently developed their top with an automatic seal.* On August 12, 1949, Mackie and Duluk filed an application on their independent development, which matured into Patent 2,569,724 (booklet, tab 8). Respondent took Duluk's deposition (R. 18, 19). Both Mackie and Duluk testified without contradiction that they had not seen the Ackermans' application and had no knowledge of the contents thereof before they initiated and completed the development of the subject matter of their patent (R. 72, 82, 83).

In the Mackie-Duluk patent, instead of having the cushion in a pocket as previously described, it was placed on the side of the body with, however, the same pressure arm operated as previously described, and which is described by the Court of Appeals (R. 178), 202 F. (2d) 644 as follows:

> "Mackie and Duluk, applied for a patent, through defendant's patent counsel, covering an automatic top in which the sealing was accomplished by having the rubber strip or cushion attached to the body of the car and by having the canvas pressed against it by a pressure arm or lever operated by the forward action of the folding pillar."

It will be seen that the placing of the cushion of Mackie and Duluk in a pocket on the top fabric, rather than on the inside of the body wall, constituted a mere reversal, and as admitted by Ackermans, weatherstrips of rubber covered by fabric had been in use for 20 years (R. 36).

As stated by the District Court, 108 F. Sup. 368, 371, as early as 1936, a V-8 model Cadillac car of General Motors, had a top "which was substantially the same as Ackermans' top". See illustration in Appendix. The District Court said:

> "No pressure plate, for the purpose of making the water-proof fabric fit more snugly along the inner side wall of the car, was relied upon in these earlier devices, nor is it involved in Ackermans. In these earlier folding tops there was a juncture of the flexible fabric with the belt line of the car at or near its top, or a fastening of this fabric, at varying depths, to the body of the car below the belt line; *keeping it tight and snug along the belt line in varying degrees, by application of stretching pressure when the top was completely raised; and also by*

*weather-stripping the belt line, as was done in the 1936 V-8 model Cadillac.''** 108 F. Supp. 371.

Ackermans admitted that his alleged invention was to place "the cushion at this particular place" (R. 31). For origin of term "cushion" see footnote *supra* p. 6, also *infra*, p. 30.

The Court of Appeals below did not dispute the proof of those prior uses of the cars as early as 1933, but disposed of them as follows (R. 180, 181) 202 F. (2d) 645:

> "None of these cars, however, had a top which embodied or suggested the essence of plaintiff's invention. None of them had the rubber cushion *attached to the canvas* and none of them had a cushion held in tension by the forward pull of the folding pillar in such way as to create a seal against the belt line of the car."

The 1936 Cadillac had the weatherstrip on the body at the belt line along which the top fabric was stretched in order to lie against the weatherstrip, whereas Ackermans' patent has the weatherstrip on the fabric at the belt line along which the top fabric is stretched so that the weatherstrip lies against the body. (Compare illustrations in appendix.) This is a mere reversal of weatherstrip position with no change in function, e.g., the weatherstrip on a house window may be either on the sash or on the frame.

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*Emphasis supplied unless otherwise indicated.

DECISION OF DISTRICT COURT

The District Court (Judge Coleman) held that the patent was infringed if valid, but that since it was a combination patent, all of the elements of which were old, it was invalid over the prior art under the principles enunciated in *Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corporation,* 340 U. S. 147. The District Court quoted extensively from the Great Atlantic & Pacific Tea Company case and said that the language of this Court

> "is directly applicable to the Ackermans patent".

The District Court also held that what respondent had divulged was not, in fact, relied upon in the development of the General Motors' top (108 F. Supp. 368 at 372. 373, 374; R. 12) and that what Ackermans disclosed was not, in fact, confidential or intended to be so (R. 11). The Distritc Court concluded that these findings were supported by the weight of the credible evidence (108 F. Supp, at 371, 373).

DECISION OF COURT OF APPEALS

The Court of Appeals for the Fourth Circuit, on March 6, 1953, reversed the judgment of the District Court, adjudging the patent valid and infringed and the petitioners liable for breach of confidential disclosure, and that damages should be awarded not merely from the date of grant of the patent but from the time that the discosure of the application therefor was made to petitioner, under the principles laid down in *Hoeltke v. Kemp Mfg. Co.,* 80 F. (2d) 912, cert. den. 298 U. S. 673 (R. 181). The Court of

Appeals in reversing failed anywhere to discuss or even mention the Great Atlantic & Pacific Tea case and did not apply its principles.

PUBLIC IMPORTANCE

The reasons for the granting of the writ not only show that it is important this Court decide the questions presented in order to settle the law, but there are special reasons why his Court should entertain this petition.

The automobile business is one that is nationwide. That not only applies to General Motors but also to the other companies. As a result, therefore, those companies distribute their automobiles nationwide so that their automobiles are on sale and in use in the Fourth Circuit.

In addition to Petitioner, General Motors, Ford is licensed to do business in and has an assembly plant in the Fourth Circuit and, likewise, has dealers in that Circuit. Ford is also producing a folding top having a seal which is like that produced by General Motors, which Ackermans asserted is like that disclosed by him to Ford and is within the scope of his patent. Ford and General Motors together produce over 64% of the automobiles produced in the United States. All of the above appears from the affidavit and its illustration appearing in the Appendix, and from Ackermans' assertions (Tr. 135-137).

It is apparent, therefore, that unless the decision of the Court of Appeals be reversed, Ackermans will have succeeded in tying up automobile companies producing over 64% of the automobiles in this country, and producing automobiles having folding top seals of the character which the Court of Appeals decided came within the disclosures by

Ackermans to General Motors and to Ford and came within the scope of the Ackermans' patent.

It can hardly be expected that respondent Ackermans will sue in any other Circuit than the Fourth Circuit when he has succeeded in obtaining a favorable decision in the Fourth Circuit.

While we have not presented evidence that Chrysler, Nash and Kaiser-Frazer are doing business, or have distributors or dealers in the Fourth Circuit, it is apparent that, from the very nature of the automobile business, those companies' automobiles will be found in the Fourth Circuit. All distributors, dealers and even users of an automobile will be subject to suits in the Fourth Circuit and again, from the very nature of the automobile business, the manufacturer will naturally defend such a suit and as a result will be bound by any judgment in such suits. While, again, we have not presented any evidence that Chrysler, Nash and Kaiser-Frazer are making or producing folding tops with seals of a nature which the Court of Appeals found and concluded were within the Ackermans' application and patent, the fact is that Ackermans is in the same position with reference to them as he is with reference to General Motors Corporation, because of his submission of his application to them and because of the issue of his patent. Those three companies, with General Motors and Ford, produce over 90% of the automobiles produced in the United States, and the decision in the Fourth Circuit will, at least, be a threat against those three companies producing such a folding top which will eventually find its place in the Fourth Circuit. The result is, therefore, the public will be deprived of free use of something which the Court of Appeals has found not free, irrespective of what Courts in other Circuits may think about the Ackermans' submissions and patent.

This case is, therefore, analogous to the situation in *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U. S. 47, 50, and 311 U. S. 211, in which cases this Court granted certiorari because "of the concentration of the automobile industry in the Sixth Circuit" so that "litigation elsewhere with the resultant conflict of decisions was improbable."

REASONS FOR GRANTING THE WRIT

QUESTION 1

THIS IS A CASE OF FIRST IMPRESSION REQUIRING THIS COURT TO RECONCILE THE PUBLIC POLICY OF THE CONSTITUTIONAL PROVISION AND FEDERAL STATUTES PERTAINING TO PATENT RIGHTS WITH THE PROPER SCOPE OF PROTECTION OF TRADE SECRET RIGHTS

Properly understood, this case presents substantial federal public policy issues of first impression. It concerns the relation of the Constitutional provision in Article I, Section 8, and the patent laws to the nature and scope of protection of lawful trade secret rights.

These fundamental issues arise typically in equity suits to enjoin patent infringement in which there is an additional claim of violation of alleged confidential disclosures made prior to the issuance of the patent in controversy.

That is the nature of the instant suit. It is typical of numerous cases where a person voluntarily submits to a manufacturer, such as the petitioner herein, a pending patent application covering a device on which a patent later issues. The only disclosure made by the submitter frequently, as in this case, is the patent application itself and the recipient, without entering into any express agreement, merely receives the patent application for examina-

tion and study. After the patent is granted, the submitter files a suit in equity to enjoin the recipient from infringing the patent by an accused device claimed to embody the patented device. In the same suit, the submitter further claims damages from the time of submission of the patent application on the ground that the recipient was unjustly enriched by an alleged misuse of information in violation of an alleged confidential relation in regard to the disclosed patent application.

This case calls for the proper establishment of the metes and bounds and the correct application of the doctrine of confidential relations to the protection of legitimate trade secret rights in relation to the public policy of the patent laws. In the typical situation described above, the Court of Appeals committed the error of requiring the recipient to establish by evidence other than oral testimony that is "clear, satisfactory and beyond a reasonable doubt" that he did not misappropriate information alleged to be confidentially disclosed in the submitted patent application.

If this standard of proof, first declared by the Court of Appeals below in *Hoeltke v. Kemp,* 80 F. (2d) 912, decided in 1936, is applied in cases of this type, the recipient, for all practical purposes, is virtually foreclosed from proving that the information disclosed in the pending patent application was not the proper subject matter of trade secret protection and hence was not the proper basis of a confidential relationship, either because it was public property or because the secret escaped by reason of the acts of the submitter. The effect is to practically preclude the recipient from proving the negative, i. e., that the disclosure was *not* in confidence and that what was submitted was in the public domain. Furthermore, *Hoeltke v. Kemp* virtually precludes the re-recipient from establishing that his accused device was the result of his independent efforts, since the Hoeltke case also

held that *mere oral testimony,* adduced by the recipient to show that he did not use any alleged confidential information, is not alone sufficient to prove honest conduct on the part of the recipient.

In a realistic sense, this petition affects every manufacturer to which a person first voluntarily submits a mere patent application, and then, instead of relying solely upon his rights under the patent laws as he elected to do by his act of filing a patent application, the submitter claims that apart from his patent rights, the recipient is also liable to him under general equitable principles of unjust enrichment for violation of alleged confidential disclosure.

This petition is therefore a request for a final determination of basic issues of federal law for the benefit of the whole class of industrial firms confronted with the problem of knowing when their liability arises only under the patent laws and when it arises for misappropriation of valid trade secret information.

The application by the Court of Appeals below of the erroneous standard of proof in *Hoeltke v. Kemp* places every manufacturer who receives and considers a pending patent application from a stranger under the peril of being automatically bound by a spurious claim of confidential relationship, irrespective of whether the patent application merely discloses information in the public domain or generally released by the acts of the submitter himself. This is directly contrary to the principles enunciated by this Court in *Scott Paper Co. v. Marcalus Mfg. Co., supra.*

Exposure of the recipient to this undue hazard is contrary to the fundamental public policy of the patent laws. It permits the person who files a patent application to become his own patent office and use the document as an instrumentality to establish a spurious monopoly to exact a toll

from the public for subject matter neither within the scope of protection of a valid patent nor within the scope of valid trade secret rights.

Under our jurisprudence, one who claims that he is the originator of a novel idea having substance and economic value is faced at the outset with a major choice between seeking protection under the Patent Laws or keeping his idea a trade secret. When the alleged originator files an application for a patent, he voluntarily elects to subject himself to the public policy limitations inhering in the Constitutional provision pertaining to patents for inventions and to the conditions governing the patentability of inventions as set forth in the Patent Laws of the United States and to relinquish any trade secret rights of which he might have been possessed previously, *Metalizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F. (2d) 516, C. A. 2. The Patent Laws contemplate that an applicant must make a complete disclosure of something new and useful which is the product of the inventive faculties as defined in the standards relating to invention. He also knows that if and when the patent issues; his exclusive rights are limited to seventeen years from the date of issuance of the patent. Obvoiusly, he takes the risk that his patent may be declared invalid because anticipated by the prior art, or that his valid patent may not be infringed by an invention of another.

The standard of proof of *Hoeltke v. Kemp,* applied by the Court of Appeals below, inevitably brings into direct and substantial conflict the public policy of giving a limited time monopoly only to valid rights and the equitable principle of preventing unjust enrichment only when there is a misappropriation of confidential information disclosed to a recipient who is bound by a relationship of trust and confidence.

By requiring the recipient to prove "beyond a reasonable doubt," the negative, that there was no misuse of alleged confidential information, the Hoeltke doctrine attaches to the routine voluntary submission to a manufacturer of a pending patent application the operative effect of a conclusive presumption of fact or law that any accused device subsequently manufactured by the recipient is both an infringement of the patent issued on the submitted patent application and a misappropriation of information contained in the said patent application by estopping the recipient from effectively disproving either element of liability.

When there is added to this, the rigid rule of the Hoeltke case that *oral testimony of independent invention of the recipient is alone insufficient as a defense,* the conflict with the public policy of the patent laws and the principles governing legitimate trade secret rights is intensified. This is so, because in almost every case, the only normal and natural available means of establishing honest use of the recipient's own creative efforts is by oral testimony of the recipient's employees who worked on the recipient's independently conceived invention.

Since *Hoeltke v. Kemp* was decided, suits of the type involved in this petition have been recurring with increasing frequency.* The erroneous standard of proof in the Hoeltke case, which Court of Appeals below applied in this case and other cases of this type, has infected other Circuit Courts of Appeal to the extent that similarity of

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Smith v. Dravo Corp., — F. (2d) —, 97 U. S. P. Q. 98; *Northrop v. Reish*, 200 F. (2d) 924 (C. A. 7); *Sacco Lowell Shops v. Reynolds*, 141 F. (2d) 587, C. A. 4; *Conmor Products Corp. v. Universal Slide Fastener Co.*, 172 F. (2d) 150, C. A. 2; *Picard v. United Aircraft Corp.*, 128 F. (2d) 632; *C. & O. R. Co. v. Kaltenbach*, 95 F. (2d) 801, C. A. 4; *De Filippis v. Chrysler Corp.*, 53 F. Supp. 977, affd. 159 F. (2d) 478, C. A. 2.

structure alone is "adequate basis upon which to find misappropriation," *Smith et al. v. Dravo Corp.*, — F. (2d) —; 97 U.S.P.Q. 98, 104, thus depriving the petitioner and other companies similarly situated of independently created property rights in violation of the due process clause of the Fifth Amendment while at the same time giving the submitters of alleged confidential information unwarranted monopoly rights based upon fictitious claims of trade secret rights.

In *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U. S. 485, this Court, after discussing the rule of comity, says:

> "But its obligation is not imperative. If it were, the indiscreet action of one court might become a precedent, increasing in weight with each successive adjudication, until the whole country was tied down to an unsound principle."

This is exactly what has happened since the Hoeltke case.

Court of Appeals Erred in Applying the Standard of Proof Beyond a Reasonable Doubt Applicable Only in Criminal Cases and This Constitutes a Denial of Due Process Under the Fifth Amendment

The decision of the Court of Appeals in this case rests upon errors of law first committed in *Hoeltke v. Kemp Manufacturing Co.*, 80 F. (2d) 912 (C. A. 4), which holds that:

> "one who admittedly receives a disclosure from an inventor, proceeds thereafter to manufacture articles of similar character, and, when called to account, makes answer that he was using his own ideas and not the ideas imparted to him,"

must establish such defense by proof that is

> "clear, satisfactory, and beyond a reasonable doubt"

and in such case oral testimony alone is insufficient.

Suits such as the instant one are civil suits in equity. The standard of proof

"beyond a reasonable doubt"

has no place in a civil suit because this is the standard historically applied in criminal cases.

For reasons explained by this Court in *Washburn & Moen Manufacturing Co. v. The Beat 'Em All Barbed Wire Co.*, 143 U. S. 275, 284, the rule in patent cases is that when a patent is sought to be anticipated by a prior unpatented device, the existence and use of which is proved *only by oral testimony*, the proof must be

"clear, satisfactory, and beyond a reasonable doubt."

Hoeltke v. Kemp imported that standard into cases like the present. Whatever may be the validity of this standard of proof in patent infringement suits, it has no reasonable and rational connection in determining whether a person, who is charged with misuse of alleged confidential information disclosed prior to the issuance of a patent, must prove his innocence beyond a reasonable doubt. In the Hoeltke case, Judge Soper in his dissent said (p. 925):

> "* * * it is not the rule that when a patentee charges that an infringer has secured possession of the patented device by fraud prior to the issuance of the patent, the person accused must prove his innocence beyond a reasonable doubt. On the contrary, the law never presumes fraud, and the burden devolves upon him who alleges it to show it by clear and convincing proof. *Lalone v. United States*, 164 U. S. 255 * * * *United States v. American Bell Tel. Co.*, 167 U. S. 224 * * *"

By placing upon the recipient the burden of proving that he did not fraudulently misappropriate the matter dis-

closed, *Hoeltke v. Kemp* conflicts with *Moore v. Ford Motor Co., supra,* wherein the Court of Appeals (C. A. 2) *places on the submitter the burden of proving misappropriation,* 43 F. (2d) 688, right.

In *Oriel v. Russell,* 278 U. S. 358 at 364, this Court said:

> "With reference to the character or degree of proof in establishing a civil fraud, the authorities are quite clear that it need not be beyond reasonable doubt, *because it is a civil proceeding.*"

Where a recipient, as in the present case, defends on the ground that it was using its own independent inventions developed both before and after the submission, and this defense is proved not only by oral, but also by documentary and physical evidence, the rule enunciated by the Court of Appeals erroneously requires that such defense must be proved

"beyond a reasonable doubt".

Where a defense of prior invention or prior public use in a patent suit is proved by documentary and physical evidence as well as by oral testimony, such defense must be proved only by a *preponderance* or by the weight of the evidence, *Adamson v. Gilliland,* 242 U. S. 350, 353, and it is only where the proof is entirely *oral* that such defense must be proved

"beyond a reasonable doubt".

Thus, the Court of Appeals made two errors in the *Hoeltke v. Kemp* case; first, under the conditions specified, it requires in alleged breach of confidence or fraud cases a higher standard of proof of the defendant than is required in patent cases, and secondly, it imports into such cases a standard of proof not warranted by the prior decisions

of this Court. **The practical effect of the rule in the Hoeltke case is that of estopping the defendant from proving the lack of any one or all of the elements essential to support a trade secret.***

The effect of the erroneous standard of proof enunciated in *Hoeltke v. Kemp* is especially harsh when the recipient's device is only superficially similar to that of the claimant of trade secret rights. In *Smith v. Dravo Corporation, supra,* the dangerous nature of the error of the Hoeltke case is demonstrated by the Court's statement at 97 U.S.P.Q. 104.

> "As a general rule the similarity standing alone is an adequate basis upon which to find *misappropriation.*"

The Court of Appeals for the Seventh Circuit cited the Hoeltke case for the above proposition and quoted from the Hoeltke case the proposition that

> " 'The similarity of defendant's device to that of complainant is strong proof that one was copied from the other.' "

The owner of a trade secret is never protected from independent discovery of the alleged secret. Yet this rule of the Hoeltke case precludes the defendant from showing independent invention or discovery if there happens to be similarity between his device and the submitted device and thus deprives the independent inventor of his property

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*In every case involving the claim of a trade secret certain basic elements must be shown to exist: (1) The information disclosed must be proper subject of a trade secret. If the subject mater does not have substantial novelty or is in the public domain, or was previously known by the recipient, it is not a trade secret. (2) Secret information must be communicated to the recipient under circumstances which create a confidential relationship. (3) To be liable for violation of the confidence, the recipient must have made improper use of the confidential information. *Smith v. Dravo*, decided April 10, 1953. — F. (2) —, 97 U. S. P. Q. 98.

rights. This clearly violates the rights of the recipient under the due process clause of the Fifth Amendment. It departs from the area of a rational and reasonable connection between a proven fact, such as the existence of a trade secret or the communication of a trade secret in confidence to a recipient, and the practically conclusive presumption that such information has been fraudulently misappropriated to unjustly enrich the recipient at the expense of the submitter.

This Court has been astute to strike down as unconstitutional in violation of the due process clause of the Fifth Amendment *conclusive* presumptions of law or fact. Such unreasonable and arbitrary presumptions have been condemned by this Court in both civil and criminal cases. See *Mobile, J. & K. C. R. Co. v. Turnipseed,* 219 U. S. 35; *Tot v. United States,* 319 U. S. 463.

In Reversing the District Court, the Court of Appeals Violated Rule 52a, Federal Rules of Civil Procedure

Rule 52(a) expressly provides:

> "* * * Findings of fact shall not be set aside unless clearly erroneous and due regard shall be given to the oportunity of the trial court to judge of the credibility of the witnesses."

The District Court heard Ackerman's testimony as to the contemporaneous submission of his application to petitioners and practically the entire automotive industry. The District Court also heard petitioner's witnesses' testimony that the petitioner, General Motors, developed its top with automatic seal independently of respondent's disclosure and had the opportunity to judge the credibility of these witnesses. With respect to the testimony of these witnsses, the District Court said:

> "* * * we are still forced to the conclusion that plaintiff's contention of improper use of his disclosure is not borne out by the weight of the credible testimony" (R. 10; 108 F. Supp. 373, second column).

Again (R. 11) the District Court said:

> "* * * we believe there is insufficient evidence to indicate that what Ackermans disclosed was, in fact, confidential, or *intended* to be so."

With respect to intent, this Court has said:

> "Findings as to the design, motive and *intent* with which men act depend peculiarly upon the credit given to witnesses by those who see and hear them." (*United States v. Yellow Cab Co.*, 338 U. S. 338, 341.)

In rejecting respondent's contention that petitioners did rely upon respondent's disclosure, the District Court said (R. 11):

> "However, we believe the contrary to be true by the weight of the credible evidence."

And again (R. 12) the District Court said:

> "To conclude: we do not believe that the aforegoing testimony is sufficient to overcome the testimony to which we have previously referred, * * * the weight of that testimony seems to be clearly to the effect that what Ackermans divulged was not, in fact, relied upon in the development of the General Motors' device.'

Although the Court of Appeals did not discuss Rule 52(a) in its opinion, it did state with respect to petitioner's contention that its folding top was the result of independent effort on the part of its employees and that the disclosure of respondent was not relied upon in developing the petitioner's folding top.

> "There is evidence on the part of employees in support of this contention, but this evidence is not convincing * * *."

The question before the Court of Appeals was not whether or not findings of fact made by the District Court were correct, but only whether there was a weight of evidence to support such findings. In *Adamson v. Gilliland,* 242 U. S. 350 at 353, this Court said:

> "Considering that a patent has been granted to the plaintiff, the case is pre-eminently one for the application of the practical rule that so far as the finding of the master or judge who saw the witnesses 'depends upon conflicting testimony or upon the credibility of witnesses, or *so far as there is any testimony consistent with the finding, it must be treated as unassailable.*'"

Again in the Yellow Cab case this Court stated:

> "While, of course, it would be our duty to correct clear error, even in findings of fact, the Government has failed to establish any greater grievance here than it might have in any case where the evidence would support a conclusion either way but where the trial court has decided it to weigh more heavily for the defendants. *Such a choice between two permissible views of the weight of evidence is not 'clearly erroneous.'*" (338 U. S. 342.)

The uncontradicted evidence in this case supported the findings of the District Court. The Court of Appeals treated the appeal as a trial *de novo,* failed to apply Rule 52(a) of the Federal Rules of Civil Procedure and decided a federal question directly in conflict with the principle reaffirmed by this Court in *United States v. Yellow Cab Company, supra.*

QUESTION 2

THE COURT OF APPEALS, BY HOLDING PETITIONER LIABLE BY REASON OF A MERE VOLUNTARY SUBMISSION OF A PATENT APPLICATION, ESTABLISHED A MONOPOLY HAVING NO BASIS IN THE PATENT LAWS, BUT CONTRARY TO THE SPIRIT OF THOSE LAWS

Respondent Ackermans did not disclose a trade secret to petitioner, General Motors but only submitted a patent application which Ackermans had previously filed in the Patent Office for the purpose of obtaining a monopoly of seventeen yars under the Patent Laws. The filing of a patent application is an unrestricted disclosure.* Ackermans' testimony is clear that he was trying to sell General Motors patent rights and not trade secrets.** Even that application was not disclosed to General Motors alone, but was concurrently submitted to both of the other two major and to two of the minor automobile manufacturers. The District Court specifically so found, 108 F. Supp. 373-374, and those findings of the District Court were based upon credible testimony and indeed upon uncontradicted testimony.

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*While the Commissioner of Patents has promulgated a rule that patent applications will be kept secret, that is something that was not required by Statute at the time of pendency of the Ackermans application and consequently could have been revoked by the Commissioner at any time. Furthermore, the secrecy rule is far from absolute; thus in interferences, the Commissioner discloses applications to other parties without restriction.

**"I went to the New Devices Section of General Motors Corporation to *submit this application of mine.* I was admitted into the office of Mr. Dumville, and I told Mr. Dumville that I had some improvements in folding tops: * * * Yes. I had a copy of the *application* with me. And so I showed Mr. Dumville a copy. I said, 'I have some improvements here, and I wondered if you would be interested in licensing it, or buying it outright?' I thought I could sell it outright" (R. p. 32).

Ackermans then proceeded with the prosecution of his application before the Patent Office and obtained his patent five years later. That established a situation where respondent elected to stand on his patent rights rather than on any disclosure to petitioner, and indeed to the others. While there is no patent case involving a patent application in which such election was made, *Macbeth-Evans Glass Co. v. General Electric Co.*, 231 F. 183, (Opinion by the later Mr. Justice Clark), affirmed 246 F. 695, and *Metallizing Engineering Co. v. Kenyon Bearing AP Co.*, 153 F. (2d) 516, are the converse of this case. In both cases the later applicant for patent first kept his invention secret and after it appeared that the secret could not be held any longer, the application was filed, the patent issued, and suit instituted on the patent. In both cases, the Rule of Election was applied, and, the patents were held invalid.*

The Copyright Act requires as a condition precedent to a statutory copyright that the work must be published with copyright notice. Once this condition is satisfied, the author has elected to stand on his statutory copyrights and relinquishes his common law property.** So here, the Patent

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*Judge Learned Hand said, 153 F. (2d), p. 520 left, as to "a condition upon an inventor's right"

"he must content himself, with either secrecy or legal monopoly".

***Fashion Originators Guild v. Federal Trade Commission*, 114 F. (2d) 80 (C. A. 2), involved an author's right to common law property in a reproduction as related to copyrights. Judge Learned Hand said, p. 82:

> "When in this country the Constitution (§8, cl. 8, Art. 1) gave to Congress power to 'secure' to authors the 'exclusive Right to their * * * Writings,' it was to be only 'for limited Times.' and did not allow a perpetual copyright. The purpose so disclosed is certainly inconsistent with the assumption that an author—notwithstanding publication and full enjoyment of his 'common-law property'—might maintain his monopoly for 'unlimited Times'."

To the same effect is *RCA Mfg. Co. v. Whiteman*, 114 F. (2d) 86, (C. A. 2) where Judge Learned Hand said, p. 89:

(Continued on following page)

Act requires as a condition precedent to the grant of a patent that the inventor file a patent application. Once this condition is satisfied, then the inventor has relinquished his common law property and elected to stand on his statutory patent rights.

In *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U. S. 211, this Court applied file wrapper estoppel in reverse, to a broadened claim, saying, p. 221:

> "True, the rule is more frequently invoked when the original and cancelled claim is broader than that allowed, but the rule and the reason for it are the same if the cancelled or rejected claim be narrower."

So here the converse of the rule of election enunciated in the *Macbeth Evans Glass Co. case, supra,* should be applied.

The Rule of Election obviously applies to this case, namely, Ackermans must stand upon the patent which he secured on his application and he cannot stand upon the disclosure he made to petitioner and the other major and minor companies in the automotive industry.

(Continued from preceding page)

"That being true, we see no reason why the same acts that unconditionally dedicate the common-law copyright in works copyrightable under the act, should not do the same in the case of works not copyrightable. Otherwise it would be possible, at least *pro tanto*, to have the advantage of dissemination of the work at large, and to retain a perpetual though partial, monoply in it. That is contrary to the whole policy of the Copyright Act and of the Constitution. Any relief which justice demands must be found in extending statutory copyright to such works, not in recognizing perpetual monopolies, however limited their scope."

The Court of Appeals' Decision in Holding Petitioner's Use of Its Independent Development a Violation of Ackermans' Alleged Trade Secret Conflicts With Decisions of Other Circuits

Petitioner, General Motors, did not use what was described and illustrated in Ackermans application, but, on the contrary, as appears from the illustrations in the Appendix, General Motors evolved its own folding top which, as to the seal feature, has a totally different structure, function and mode of operation, from what was disclosed to it by respondent.

Petitioner, General Motors, had, for at least a decade, before respondent Ackermans submission of his application manufactured and sold automobiles with folding tops, which embodied the structure, function and mode of operation of the sealing feature disclosed in the Ackermans' application and the District Court specifically so found, 108 F. Supp. 371. Again the District Court's findings are based upon credible testimony and indeed upon uncontradicted testimony. As again appears from the illustrations in the Appendix, the sealing feature of the Ackermans top approaches more closely to what was in public use a decade prior to the Ackermans' application than General Motors' accused construction approaches the Ackermans' structure.

The opinion of the Court of Appeals is in direct conflict with the decisions in other Circuits and indeed is in direct conflict with the principles enunciated in a late decision of this Court. *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U. S. 249.

Young v. Ralston-Purina Co., 88 F. (2d) 97, involved a situation where, even before Young had filed his application, he had disclosed and indeed had submitted a model of a toy movie theatre to Ralston-Purina Co. There were even

negotiations between the parties, having in view the use of what Young had disclosed and submitted. After the negotiations were broken off, Young filed a patent application in the Patent Office and after Ralston-Purina Co. had evolved its own toy theatre, Young amended his claims with a purpose to cover that device.

The Court of Appeals for the Eighth Circuit affirmed the District Court in his findings not only that Ralston-Purina

> "did not intend to embody the plaintiff's patent in the structure which it procured and distributed',

88 F. (2d) 99, but that such structure did not embody Young's structure, function and mode of operation, p. 100-101, and dismissed the complaint.

Canfield v. Blaw-Knox Co., 98 F. (2d) 805 (C. A. 3), involved a situation where Canfield had filed an application for a concrete agitator, which application Canfield then on his own initiative, submitted to Blaw-Knox. The Blaw-Knox engineers, however, designed their own structure, which was not the result of a disclosure made to them by Canfield. Furthermore, Canfield's application involved nothing not already known in the concrete mixing art. The District Court's findings to the above effect were approved by the Court of Appeals which dismissed the complaint.

Lueddecke v. Chevrolet Motor Co., 70 F. (2d) 345 (C. C. A. 8), involved a situation where Lueddecke had voluntarily submitted to Chevrolet an automobile structure and had made an offer providing for compensation on a royalty basis. The New Devices Committee, however, rejected that offer, and the Court of Appeals in affirming the District Court said, page 349:

> "When plaintiff voluntarily divulged his mere idea and suggestion, whatever interest he had in it became common property, and, as such, was available to the defendants."

In this case, the rule in suits for infringement of patents (see p. 37) must be applied i.e., that a patent is not infringed by an accused device, which has been so far changed in principle from that in the patent, that it performs its function in a substantially different way. A mere comparison of petitioner's structure with that of Ackermans, as shown in the ilustrations in the Appendix, will demonstrate that such is the case here. Surely, the employment of Ackermans' weatherstrip on the fabric top which is tensioned to merely lay the weatherstrip against the inside face of the body. cannot be the same in principle, structure or mode of operation as petitioner's compressible cushion, even if on the fabric top, which cushion is forcibly pressed against and into the concave interface of the body wall by a separate pressure arm.

Throughout this case, Ackermans' weatherstrip has been erroneously referred to as a "cushion," although that word is not even now found in the specification of the Ackermans' patent, and was not found in the application as filed, but the expression "weatherstripping section" is even now used (see Ackermans' patent No. 2,549,153, Col. 6, Line 31). The word "cushion" was first inserted in the claims by the amendment of October 20, 1950, (PX 29, Amendment E, Paper 14), after petitioner's folding top with its seal had been on the market for several months, (Tr. 284).

The distinction is not simply in wording, because a cushion is something very distinct and is defined in Webster's New International Dictionary as:

> "A case or bag stuffed with some soft or elastic material and used to kneel, sit or recline upon; a soft pillow or pad."

The purpose of the amendment of the claims was, of course, obvious, namely; in order to bring petitioner's

cushion as used in petitioner's structure, within the scope of Ackermans' patent. Such a change after filing of an application will not, however, be tolerated by the Courts; for, as this Court said in *Schriber-Schroth Co. v. Cleveland Trust Co,* 305 U. S. 47, 57:

> "the application for a patent cannot be broadened by amendment so as to embrace an invention not described in the application as filed, at least when adverse rights of the public had intervened."

The above case involved a piston provided with webs which, in the application as filed, were described as "rigid," but which by amendment were described as "flexible" and that was done after adverse rights had accrued. This Court held the patent invalid. The situation is analogous here, because Ackermans' weatherstrip was by no means a cushion and never intended to be such, but only something to lay against the inside wall of the body, rather than to be forcibly pressed against and into a concave wall by a pressure arm.

Where an application for a patent is submitted to a manufacturer, the disclosure therein can certainly not be broadened to cover and comprehend what the manufacturer has later used, in order to hold the manufacturer for misappropriation of such disclosure. In considering such a disclosure in an application for patent, the Rule of Infringement will necessarily be applied as in an infringement suit on a patent, and that was done by the Court of Appeals for the Eighth Circuit in *Young v. Ralston-Purina Co.,* (88 F. (2d) 97, 100-101). To hold otherwise will be directly contrary to the principle enunciated by this Court in *Scott Paper Co. v. Marcalus Mfg Co.,* 326 U. S. 249. This Court there held that the public cannot be deprived of free use of a disclosure, except as limited by a valid patent under the Patent Laws, and that even an assignee of an

application for patent cannot restrict itself from supplying the public with what is free. If Ackermans can succeed on the basis of the decision of the Court of Appeals then by his mere submission of the application to the three major companies and the two minor companies in the automotive industry, he has tied the hands of manufacturers producing over 90% of the automobiles manufactured in this country (See Appendix). That cannot have any foundation in our laws but is contrary to law. To hold otherwise is to establish in this case a monopoly, not under the Patent Laws, but contrary to the spirit of those laws. That monopoly will not be seventeen years but much more, in fact it may be perpetual like a trade-mark right.

QUESTION 3

THE COURT OF APPEALS, BY FAILING TO APPLY THIS COURT'S DECISION IN GREAT ATLANTIC & PACIFIC TEA CO. v. SUPERMARKET CORP., 340 U. S. 147, TACITLY RESTRICTED THAT DECISION

The District Court in this case, 108 F. 372-373, cited, quoted from and applied this Court's decision in *Great Atlantic & Pacific Tea Co. v. Supermarket Corp.*, 340 U. S. 147, 150-152, and said:

> "We believe that the above quoted language of the Supreme Court is directly applicable to the Ackermans' patent," p. 373.

The Court of Appeals in this case, did not even mention this Court's decision. The District Court had specifically found that Cadillac and other automobiles having folding tops provided with seals, had been in public use as early as 1936, a decade prior to Ackermans' application and his disclosure to General Motors Corporation, 108 F. Supp.

371, and proof of those public uses was not disputed by the Court of Appeals. The Court of Appeals simply said that, whereas, for instance, in the 1936 Cadillac folding top, the weatherstrip was on the inside of the body, to be contacted by the fabric of the top, in the Ackermans' patent the weatherstrip was on the fabric itself to contact with the inside body wall. The substantial identity of the 1936 Cadillac and the Ackermans' patent is illustrated in the drawing in the Appendix. From that it will be seen that *the difference is analogous to placing a weatherstrip on a window sash rather than on the window frame.*

Ackermans admitted, (R. 29, 31):

> "But, if I add this little cushion of mine, if I use this cushion of mine, and stretch it tight, with the force of the forward pull of the pillar, that is the crux of the whole thing; and nobody ever thought of it—stretching the top material, the cushion would press and make the seal automatically. That is the crux of the whole thing" (R. 29).
>
> "The Court: As far as you understood the art, up to the time you made your application, which was May 1st, 1946, you knew of no device that put the curtain down in the inside; is that true? Talking about the convertible top curtain.
>
> "The Witness: Yes, nobody had the cushion at this particular place where I have it, in connection with the pillar, and making the pillar seal it. All other types of bodies had the top material hanging loose. You can see it on all the models. The top material is loose.
>
> "The Court: You mean some did put it on the inside, but they didn't make it taut. I understood you to say, first, you were the first to put it on the inside?
>
> The Witness: In connection with the rubber seal, your Honor, yes.

"The Court: You mean others were putting it on the inside but not sealing it properly; is that what you mean?

"The Witness: That is it, yes" (R. 31).

The District Court, 108 F. Supp 371, while finding Ackermans' structure in the 1936 Cadillac, except that the weatherstrip was on the body instead of on the top fabric, further said:

> "Further, we believe there would be anticipation even had there been no cushion attached to the flexible fabric, or any weatherstripping attached to the belt line of the car in any earlier disclosure since, as we have already pointed out, such addition cannot reasonably be said to impart any degree of novelty to the combination of the old elements involved."

The decision of this Court in the Great Atlantic & Pacific Tea Co. case is so applicable to this case that nothing further need really be said; however, this Court said, pp. 151-3:

> "The mere aggregation of a number of old parts or elements which, in the aggregation, perform or produce no new or different function or operation than that theretofore performed or produced by them, is not patentable invention."
>
> "The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable."
>
> "Two and two have been added together, and still they make only four."
>
> "A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available

> to skillful men. The patentee has added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly."

Here, as shown in the illustration in the Appendix, the weatherstrip produces *no different function or operation* in sealing the fabric of the top with respect to the body, whether the weatherstrip be on the body to be contacted by the fabric, as in the 1936 Cadillac, or whether it be on the fabric to contact with the body, for *there is no change in the function of the weatherstrip.*

This case presents the old and familiar principle enunciated by this Court in 1875 in *Smith v. Nichols,* 21, Wall., 88 U. S. 112-119, cited and applied in *Dow Co. v. Halliburton Co.,* 324 U. S. 320, 330 as follows:

> "But a mere carrying forward or new or more extended application of the original thought, a change only in form, proportions, or degree, the substitution of equivalents, doing substantially the same thing in the same way by substantially the same means with better results, is not such invention as will sustain a patent. These rules apply alike, whether what preceded was covered by a patent or rested only in public knowledge and use. In neither case can there be an invasion of such domain and an appropriation of anything found there. In one case everything belongs to the prior patentee, in the other, to the public at large."

The 1936 Cadillac was in the public domain a decade before Ackermans filed his application in 1946. Ackermans could, therefore, not deprive the public of a construction in which the weatherstrip was on the fabric to contact the body rather than on the body to contact the fabric, because that was simply *a more extended application of the original thought,* doing substantially the same thing, namely,

sealing of the top on the body, and by substantially the same means.

The Court of Appeals in following the rule of the Hoeltke case clearly confused trade secrets with patents and applied pernicious doctrines of the Hoeltke case relating to misappropriation of a confidential disclosure to patents. For example, the rule that

> "The similarity of defendant's device to that of complainant is strong proof that one was copied from the other."

is translated into the patent phase of this type of case by the holding that similarity between defendant's device and the patented device is strong proof of the *validity* of the patent. This the Court of Appeals expressly held in the following statement:

> "The fact that defendant * * * has found it necessary to embody in the construction which it has so recently adopted, the heart of plaintiff's invention is strong proof of the validity of the patent" (96 U. S. P. Q. 284).

The rule of the Hoeltke case that in confidential disclosure cases that from the similarity of the devices misappriation is conclusively presumed is translated into the astounding rule in patent cases that the patent is practically conclusively presumed valid if infringement is found. In other words, infringement

> "is strong proof of the validity of the patent."

Thus, the public policy enunciated by this Court in the *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.*, 294 U. S. 477, that invalid patents should be so declared is completely circumvented.

QUESTION 4

THE COURT OF APPEALS IN CONCLUDING INFRINGEMENT OF THE ACKERMANS' PATENT BY PETITIONER'S STRUCTURE DECIDED DIRECTLY CONTRARY TO THE DECISIONS OF THIS COURT

The Court of Appeals in comparing the Ackerman's patent structure with petitioner's structure did, in fact, demonstrate that petitioner's folding top, as to the sealing feature, *has an entirely different* structure, function and mode of operation than has the folding top of the patent. Compare 202 F. (2d) 643 left with 644 right. See also Ackermans counsel's admissions, (R. 22 and Tr. 33-36).

As shown in the illustration in the Appendix, in the Ackermans' structure, the fabric is provided with a weatherstrip which is caused to bear against the inside of the body by tension applied to the top fabric to lay the weatherstrip against the inside of the body. Such tensioning of petitioner's top fabric with its cushion, will simply not affect that result at all, because the body wall is *concaved outwardly* so that the fabric with its cushion would span that concavity like a string spans a bow, see photograph, petitioner's top, booklet p. 54. Petitioner, therefore, not only provided a cushion, but provided a pressure arm which *forcibly* pressed the cushion against the concave body wall so as to provide a seal.

Now, whether or not the petitioner's structure falls within the literal words of the claim, does not establish infringement, where petitioner's structure is so far *changed in principle* that it performs its function in a substantially different construction and arrangement and having a different mode of operation.

In *Graver Tank Mfg. Co. v. Linde Air Products Co.*, 339 U. S. 605, this Court said, pp. 608-609:

> "Thus, where a device is so far changed in principle from a patented article that it performs the same or a similar function in a substantially different way, but nevertheless falls within the literal words of the claims, the doctrine of equivalents may be used to restrict the claim and defeat the patentee's action for infringement. *Westinghouse v. Boyden Power Brake Co.*, 170 U. S. 537, 568."

The *Westinghouse v. Boyden* case was followed by *Kokomo Fence Machine Co. v. Kitselman*, 189 U. S. 8, in which this Court said that a patent for a combination:

> "cannot be construed to cover other combinations of elements of different construction and arrangement" pp. 18-19.

That was followed by *Cimiotti Unhairing Co. v. American Fur Refining Co.* 198 U. S. 399, in which this Court said, pp. 413-414:

> "But in determining infringement we are entitled to look at the practical operation of the machines. * * *.
>
> "If the device of the respondents shows a substantially different mode of operation, even though the result of the operation of the machine remains the same, infringement is avoided."

The *Kokomo v. Kitselman* and the *Cimiotti v. American* cases were cited with the approval and applied by this Court in *Mackay Co. v. Radio Corp.*, 306 U. S. 86, 94-95, and 101-102.

A comparison of petitioner's structure with that of the Ackermans' patent (see illustration in Appendix), as described by the Court of Appeals, demonstrates that petitioner's device is so far changed in principle from the

patented article that it performs its functions in a substantially different way. Furthermore, there can be no doubt that petitioner's structure involves a different construction and arrangement having a different mode of operation than is the case with a patented structure.

CONCLUSION

For the foregoing reasons, this petition for a writ of *certiorari* should be granted.

Respectfully submitted,

ARTHUR RAISCH,
JOHN H. BRUNINGA,
DUWARD C. STALEY,

Attorneys for Petitioner.

AFFIDAVIT OF RUDOLPH F. SCHREITMUELLER

State of Michigan,
County of Wayne—ss.

Rudolph F. Schreitmueller being duly sworn deposes and says that he has been since 1930 and now is Manager, Dealer Organization Department, Sales Section, of General Motors Corporation, and that he has been since 1930 and now is familiar with the volume of passenger automobile business done by General Motors Corporation and its competitors. That he has made an investigation of such business and established the following:

That Automotive Industries, a recognized automotive trade publication, published on March 15, 1953, shows that the new passenger car registrations during the year 1952 in the United States were as follows:

AUTOMOTIVE INDUSTRIES—March 15, 1953

Passenger Cars		*For Year 1952*
General Motors Corporation	41.8%	1,735,694
Ford Motor Company	22.6%	947,474
Chrysler Corporation	21.4%	884,667
Kaiser-Frazer Corporation	1.7%	71,306
Nash Motor Company	3.4%	142,520
	90.92%	3,781,661
Total All Cars	100%	4,158,394

That Ford Motor Company was during 1952 and now is licensed to do business in Virginia and had during 1952 and now has an assembly plant in Norfolk, Virginia, and parts depots in Richmond, Virginia, and Charlotte, North Carolina, that Ford automobiles were during 1952 sold and now are being sold by Ford Dealers in the States of Virginia and Maryland;

That passenger automobiles manufactured by Chrysler Corporation, Nash Motor Company and Kaiser-Frazer Corporation were during 1952 and now are on sale and sold by Chrysler, Nash and Kaiser-Frazer Dealers in the State of Maryland;

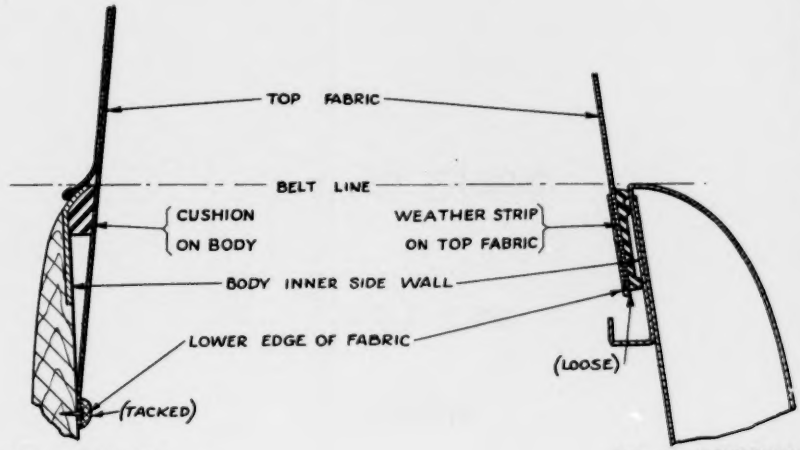
That he in 1952 was and now is familiar with the construction of the Ford passenger automobile having a folding top sold by Ford Motor Company and that such folding top is illustrated in the attached drawing whereon the construction and parts are designated by legends.

(s) Rudolph F. Schreitmueller.

Sworn to and subscribed before me, May 14, 1953.

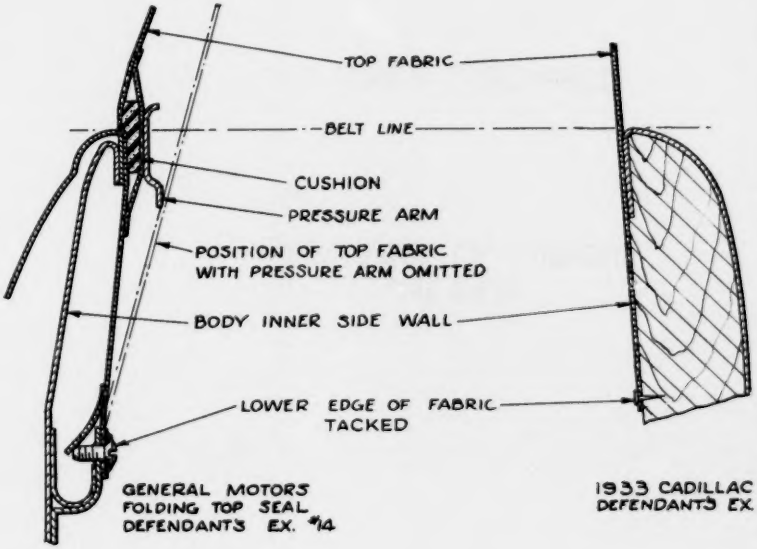
(s) Hildegard G. Peschel,
My Commission Expires Mar. 23, 1956
Notary Public.

(SEAL)



1936 CADILLAC
DEFENDANT'S EX. #5

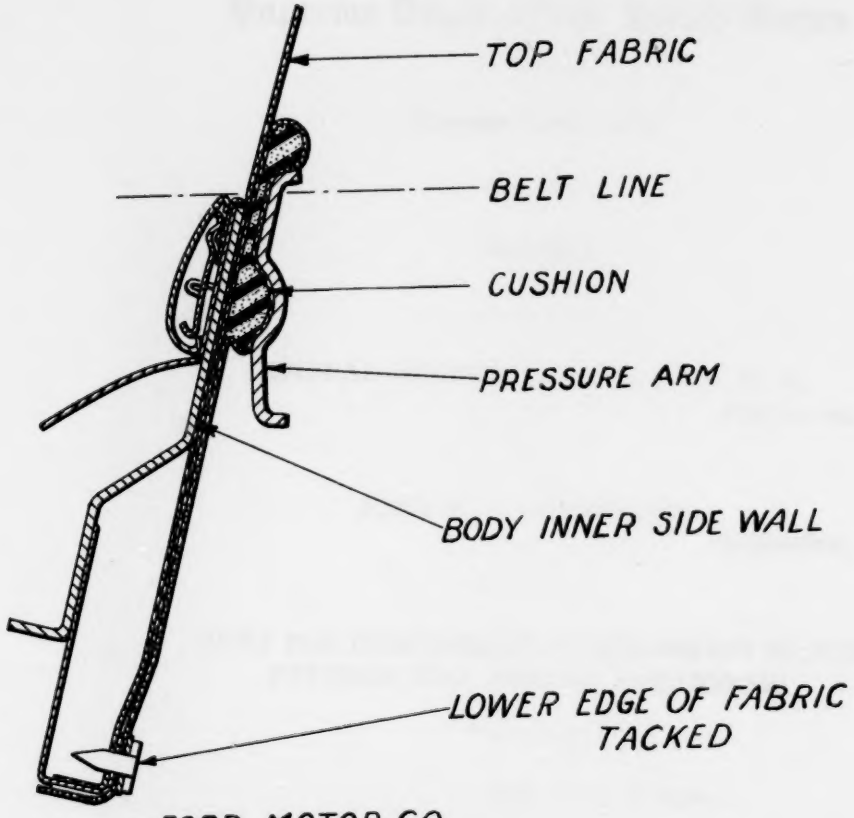
FIG. 10 ACKERMANS
PATENT 2,549,153



GENERAL MOTORS
FOLDING TOP SEAL
DEFENDANT'S EX. #14

1933 CADILLAC
DEFENDANT'S EX.

ILED
Y 28 1953
B. WILLEY, Clerk



FORD MOTOR CO.
FOLDING TOP SEAL

22

FILED
MAY 28 1953
HAROLD B. WILLEY, C

IN THE

Supreme Court of the United States

OCTOBER TERM, 1952

No. 812

GENERAL MOTORS CORPORATION, ET AL.,
Petitioners,

VS.

JOHN W. J. ACKERMANS,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

RICHARD S. WRIGHT,
NELSON MOORE,
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Attorneys for Respondent.

The Daily Record Co., Baltimore 3, Md.

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BRIEF FOR RESPONDENT IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

This is just another ordinary patent and trade secret case, tried under the old patent law, and turning, as most such cases do, on questions of fact. But since certain material facts appearing in the record are missing from the Petition, we deem it helpful to point out just what the factual situation was, after which we shall indicate briefly why the legal questions presented by the Petition are never reached, and why further review by this Court is not warranted.

I. Petitioner's Brief Fails to Face the Facts

Since Petitioner's brief is 40 pages long we must limit our showing of factual errors to statements which Petitioner placed in italics, bold face type, in the special affidavit, or in the special illustrations appended to Petitioner's brief.

Petitioner's Questions 1 and 2 recognize only a "bare, routine voluntary submission" of the idea by Respondent.

But the Court of Appeals found that Respondent approached Petitioner with an unpatented idea "with a view of selling it" and that "The official of defendant * * * requested plaintiff to leave with him a copy of the application" (R. 178). The difference between the true facts and Petitioner's statement of them was an important factor in the decision below, as pointed out on page 10 of this brief.

Petitioner's brief page 5 erroneously states in italics: "There is no evidence that the disclosure by Ackermans to General Motors was in confidence," and in bold face type it was correctly stated that Respondent submitted his application to a number of automobile companies. However, the following undisputed testimony was not mentioned by Petitioner (R. 32-3, 107):

> "I said, I have some improvements here, and I wondered if you would be interested in licensing it, or buying it outright? * * * Mr. Dumville asked me if I would leave a copy of the application with him, so he could give it to the proper people around there and let them study it. * * * And they [Ford, General Motors and Chrysler] were all of the same opinion; all the work in these departments is **secret.**"
>
> * * * * * *
>
> "The other companies I went to, they all understood, and they agreed; and they even suggested to me that they would keep it **secret and confidential.**" (Emphasis added.)

Moreover, Petitioner admitted under Rule 36 F. R. Civ. P. that its "policy" is to keep a submission "within the confines of the company" (see Admission 11, R. 19, admitted at R. 20) whereas in the case at bar it put the idea on its cars and sold the same nationwide.

Petitioner's brief page 7, says in italics: "nothing in top development was done by Coppock until 1950 after Mackie and Duluk had independently developed their top with an automatic seal." But Petitioner after first admitting that

Coppock saw Respondent's disclosure in 1946 when it was submitted to Petitioner (Admission 5, R. 18, admitted at R. 20), went on to admit (R. 18, admitted at R. 20):

> "6. * * * At the time the development [of Petitioners' top] started Kenneth E. Coppock was supervisor of the section in which the development took place." (Matter in brackets added.)

The infringing tops appeared on the General Motors 1950 model cars (R. 18) and Petitioner's witness Waldman said that the cars appeared *on the streets* "early in 1950" (Tr. 284); yet Petitioner says that Coppock did not even start to work on the top until 1950. **Petitioner also did not mention that Mackie and Duluk were in the "Experimental and Development Section" (R. 83) which was headed by Coppock** (see Admission 5, R. 18, 20). Also, Mackie testified (R. 73):

> "this thing **was** being worked on and I talked with my supervisor [Coppock] about working on it myself." (Emphasis and the word in brackets added.)

The Court of Appeals found that Mackie and Duluk did not originate the accused top as it held (R. 182):

> "There is evidence on the part of employees [Mackie and Duluk] in support of this contention; but this evidence is not convincing in view of the fact that the employees testified that their efforts were along lines already initiated by defendant [in the section in which Coppock was supervisor] and of the fact that Coppock, who had seen plaintiff's drawings and specification and was one of the applicants for the patent on the device that the employees worked out, was in Court and was not put on the stand by defendant." (Matter in brackets added.)

So Petitioner is plainly wrong in saying that Mackie and Duluk originated the basic ideas independently of Coppock *or ahead of him.* There is no such proof in the case.

Petitioner appended to its brief an affidavit saying that in 1952 it sold 1,735,694 cars, **but failed to mention that**

only 48,000 had this invention thereon.[1] Petitioner's brief repeatedly cited Kaiser-Frazer Co. which does not sell cars with folding tops at all.

Petitioner appended to its brief a sheet containing two sketches purporting to show the prior art, a sketch from the patent, and a sketch of the alleged infringing device. The sketch of the 1936 Cadillac is labelled "Defendant's Exhibit 5" but this is not true and **Petitioner drew that sketch to its own fancy especially for purposes of its brief.** The sketch of the 1933 car is equally inaccurate. In addition to plain errors in the sketches themselves, the sketches omit the longitudinal views which are the most important. To avoid interrupting the continuity of this brief, with technical details, we include an Appendix to this brief proving the statements just made.

II. The Findings of Fact of the District Court Were Clearly Erroneous.

The Court of Appeals normally gives great weight to findings of fact in patent cases, *Saco-Lowell Shops v. Reynolds* (C. A. 4) 141 F2d 587; but in the case at bar it was very apparent that many of the findings on technical matters were physically impossible in view of the admitted facts. It would of course take lengthy discussion to prove this but we can show very quickly two *clearly erroneous* findings which serve as examples of the whole group.

The District Court's finding of independent invention was based on the following statement (R. 10):

> "The testimony of **all** the persons who actually worked on the General Motors folding top which was evolved following the Mackie patent, including both the Mackie patentees, is to the effect that they never saw or heard of the Ackermans idea before they developed their own top." (Emphasis added.)

[1] The patent only applies to cars with folding tops, and relates to a new sealing arrangement. Petitioner is always free to revert back to the sealing arrangement that it was using in 1946 when Respondent first approached it.

However, the only evidence from anyone who worked on the accused top was Compton's *deposition*. Compton listed Coppock (R. 116), Comerford, Kinkowski and Waldman (R. 114) as his co-workers and nowhere listed Mackie and Duluk as playing any part in the development. Not one of these co-workers denied having derived the idea from Ackermans, **and there is no testimony in evidence from Coppock, Comerford and Kinkowski at all. Yet, the District Judge said he had heard from "all" the persons who worked on the top.** The District Judge also said (R.10) that there was nothing in the record to show that Respondent intended to submit his invention in confidence to the industry; but the Court of Appeals found that there was undisputed testimony of Respondent squarely in point (See page 10 of this brief). Petitioner's employees Beatty and Dumville who represented General Motors at the original interview in 1946 (R. 15) were in the courtroom[2] and never denied Respondent's testimony. One of the "other" submissions was to August Keller of Motor State Products (R. 35). Keller was Petitioners' paid patent expert at the trial (R. 92) and never denied that there was an express agreement of secrecy when Respondent disclosed the idea to him, as alleged by Respondent (R. 107). This is not a case involving conflicting testimony, but a case where one party testified to the facts in the presence of the opponent's own employees who represented it at the original transaction and who did not deny the testimony.

The Court of Appeals had a "definite and firm conviction that a mistake had been committed" and therefore the findings of fact were properly set aside, *United States v. United States Gypsum Co.*, 333 U. S. 364, 395.

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[2] Beatty testified on other matters (R. 58) and General Motors' brief below admitted on p. 72 that Dumville attended the trial.

ARGUMENT

The Course of Decisions in Patent Cases in the Court Below Shows How Meticulously That Tribunal has Applied the Rule of the A. & P. Co. Case.

Petitioner suggests that the case of *Great Atlantic and Pacific Tea Co. v. Supermarket Eqp't. Co.*, 340 U. S. 147, disposes of the present case, but the court below found otherwise.

The Fourth Circuit Court of Appeals has ruled on the validity of nine patents in the last two years holding eight of them invalid. The case at bar is the only one where a patent was upheld.

The court below has frequently cited and applied the *A. & P. Co. case*, quoting at length from it in *Ingersoll-Rand Co. v. Black and Decker Mfg. Co.* (C. A. 4) 192 F2d 270, 273-4 and *Vapor Blast Mfg. Co. v. Pangborn Corp.* (C. A. 4) 186 F2d 230, 236. In *Boston Metals Co. v. Air Products Co.* (C. A. 4) 193 F2d 535, 539, the court said "The Supreme Court has convincingly spoken * * *."

Nor did the court below change its course since the new patent law took effect. In *Kay Patents Corp. v. Martin Supply Co.* (C. A. 4) 202 F2d 47, 50, the appeal was heard four days after and decided two weeks before the appeal in the case at bar. In the *Kay* case, the Court of Appeals invalidated two patents for lack of invention and quoted at length from the critical portions of this Court's opinion in the *A. & P. Co.* case.

PETITIONER'S QUESTION NO. 1
Copying by Coppock was Clearly Proved

Coppock saw Respondent's disclosure, was head of the section that developed Petitioner's top, and was a joint applicant named in Petitioner's patent application (R. 18, 20, 102, 116).

Since copying was so clearly proved by undisputed evidence, and since Coppock did not take the stand and ex-

plain these implicating facts, the question presented by Petitioner is moot.

Petitioner's Question No. 1 is too Broad

Petitioner's Question 1 implies that the Court held that a "mere bare voluntary" disclosure to a corporation placed a heavy burden on it to prove independent invention. It states that various courts have so held, but that Judge Soper dissented from that view. However, Judge Soper joined in the opinion below doubtless because there was proof of a confidential disclosure to a particular corporate employee (Coppock) who later placed the device on Petitioner's cars. The Court's statement of the law should be read in the light of these facts. The rule of law, as applied to the facts at bar, merely means that it was Petitioner's duty to offer Coppock as a witness, and that any testimony Coppock may have given would have been critically examined. However, since Coppock did not testify, it is moot to consider the standard by which any testimony he might have given would have been judged.

The "Rule Of Reasonable Doubt" Is Just and Fair

Actually the rule laid down by the Court of Appeals is very liberal to the defendant. Under the patent law, an alleged infringer is absolutely precluded from defending on the ground that he invented his device independently of the patentee and subsequently thereto.[3] Petitioner's brief proceeds on the theory that one who becomes a trustee as a result of a confidential disclosure, and later sells similar articles has virtually a constitutional right to urge independent invention. We know of no case where the highest court of any State ever sustained such a de-

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[3] United States v. Berdan Fire Arms Co., 156 U. S. 552, 566:

"Nor would it be a defence to the action, that such person had, subsequent to Berdan's invention, and without knowledge thereof, devised the contrivance he was using."

See also Walker on Patents (Deller) Sec. 453, page 1084.

fense and Petitioner has not cited any. In fact Petitioner admits that some courts have virtually excluded the defense completely.[4] Some inferior State and Federal courts have, however, authorized the defense when sustained by very clear proof. That is a liberal view, not a strict one as Petitioner suggests. It is much more liberal than the patent law where the defense is not allowed at all.

In both the patent law, and the law of trade secrets, the defendant may urge "prior" invention; that is invention prior to the patentee's date. However, "every reasonable doubt" will be resolved against this defense whether the proofs are oral or written, *Mumm v. Decker and Sons,* 301 U. S. 168, 171; in fact the oral testimony of several persons is insufficient to sustain this defense "and we must turn to the documentary evidence," *Smith v. Hall,* 301 U. S. 216, 222; *Zachos v. Sherwin Williams Co.* (C. A. 5) 177 F2d 762, 763-4.

Petitioner's Question No. 1 is not an issue of national importance, but a question of evidence applicable to common law actions only; and is to be determined by the law of the forum. Petitioner's brief p. 17, says that the *Hoeltke* doctrine "infected" the Seventh Circuit's ruling in *Smith v. Dravo Corp.,* 97 U. S. P. Q. 98, but failed to say that the Seventh Circuit held that its decision was controlled by the state law "of the place of the wrong * * *. Therefore we look to Pennsylvania." Then said the Court:

> "The similarity of defendant's device to that of complainant is strong proof one was copied from the other.

---

[4] In United States v. Berdan Fire Arms Co., 156 U. S. 552, 574, the patentee was barred from suit on his patent since at that time the Government could only be sued for breach of contract. However, it had been held that contracts were implied when the inventor disclosed the idea to the Government with its consent and for its use. Berdan had done this. The Government invented a similar article independently. This Court refused to recognize the defense of independent invention except as a factor in reducing the damages. The case at bar (R. 182) and that one stand on implied contract. Hence, it would be entirely reasonable for State courts to eliminate the defense of independent invention, where a confidential relation was proved.

> From *Belmont Laboratories v. Heist,* 300 Pa. 542, 151 Atl. 15, it appears Pennsylvania shares this view."

Petitioner does not claim a conflict with applicable State law, and its suggestion that a conflict exists with an old Second Circuit ruling is unfounded.[5]

PETITIONER'S QUESTION NO. 2

The Confidential Disclosure

It has been widely held by the highest courts of leading States that if an author or inventor approaches a magazine or manufacturer with an unpublished manuscript or unpatented idea, in an effort to sell it, and the recipient invites or permits further consideration of the matter, a confidential relation is implied. The rule is a very old one and applies to all forms of intangible property, see *Liggett and Myers Tobacco Co. v. Meyer,* 101 Indiana 420, 194 N. E. 206, 211, where the following instruction to the jury was upheld:

> "So, in this case, if you find from a fair preponderance of the evidence that the defendant Liggett and Myers Tobacco Company, Inc. knowingly received from the plaintiff, James H. Meyer, in December, 1925, an original advertising scheme, under such circumstances as indicated a sale thereof to said defendant was intended by said Meyer, and knowingly retained and used said scheme * * * said defendant would be liable for the reasonable value of said advertising scheme."

---

[5] Petitioner's brief p. 20 refers to an old Second Circuit case that states the burden of proving misappropriation is upon the plaintiff. The Court below so held, but it added that after plaintiff proved certain very implicating facts, a duty of explanation shifted to the defendant. **A later Second Circuit case relied upon the rule of "reasonable doubt"** see Schreyer v. Casco Products Co. (D. C. Conn.) 97 F. Supp. 159, 169, where Judge Smith quoted the rule of reasonable doubt direct from the *Hoeltke* case. The Second Circuit Court of Appeals affirmed the finding of misappropriation and cited the Hoeltke case on a slightly different issue, see 190 F2d 921, 924.

The two important elements are (a) offer to sell, and (b) invitation to consider the matter further. The Court of Appeals found both elements present here when it said Respondent had an invention and approached Petitioner "with a view of selling it" and that an official of Petitioner "requested plaintiff to leave with him a copy of the application for patent, which plaintiff did" (R. 184).[6] Petitioner kept these papers permanently (Tr. 107).

The Court of Appeals cited its prior *Hoeltke* decision in support of the above law (R. 182). That case has been cited in seventeen district court cases and fifteen court of appeal cases in various circuits some of which are placed in a footnote.[7] Petitioner's vicious attack upon this case was totally unsupported by any authority. Petitioner further does not claim a conflict with applicable state law, which of course governs this matter.

Moreover, in the case at bar there was an express agreement that there was a confidential relation, see page 2 of this brief.

This court has held that a breach of confidence suit does not conflict with the patent law, see *Becher v. Contoure Labs.*, 279 U. S. 388, 391 (Holmes, J.):

> "It is plain that that suit had for its cause of action the breach of a contract or wrongful disregard of confidential relations, both matters independent of patent law, and that the subject matter of Oppenheimer's claim was an undisclosed invention which did not need

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[6] These facts are undisputed. They were alleged in the Complaint (R. 13-4) and not denied in the Answer (R. 14-7), and testimony to that effect at the trial was undisputed (R. 32-3).

[7] Picard v. United Aircraft Co. (C. A. 2, Hand, J.) 128 F2d 632, 637; Schreyer v. Casco Products Co. (C. A. 2) 190 F2d 921, 924, cer. den. 342 U. S. 913; Lorenz v. Colgate Palmolive Peet Co. (C. A. 3) 167 F2d 423, 426; Chesapeake and Ohio R.R. Co. v. Kaltenbach (C. A. 4) 95 F2d 801, 806; Saco-Lowell Shops v. Reynolds (C. A. 4) 141 F2d 587, 597; Wilson v. Seng Co. (C. A. 7) 194 F2d 399, 401; Eckert v. Braun (C. A. 7) 155 F2d 517, 519 (holding that the cases are uniform on this point), Northup v. Reisch (C. A. 7) 200 F2d 924, 928-9 (holding that the Hoeltke case was "sound"); Sandlin v. Johnson (C. A. 8) 152 F2d 8, 11.

a patent to protect it from disclosure by breach of trust (citing cases). Oppenheimer's right was independent of and prior to any arising out of the patent law."

Notwithstanding Petitioner's implications to the contrary we have never indicated that we had any claim against anyone other than Petitioner, for breach of confidence. Moreover, we have no intention or reason to make such a claim.

There Was No Public Disclosure of the Invention Because the Submissions to the Other Automobile Companies Were Made Under Injunctions of Secrecy and Petitioner Did Not Have Access to Those Disclosures.

As pointed out on pages 2 and 5 of this brief there were understandings with all disclosees that the invention would be kept secret.[8] Petitioner claims that Respondent acted "as his own patent office." This is contrary to the undisputed facts. Respondent merely took advantage of the long established policy, of Petitioner and others to keep all inventions within the confines of their respective companies. There is sufficient secrecy where, as here, Plaintiff imparted his idea to others, "even if many," under injunction of secrecy. *Board of Trade v. Christie Grain and Stock Co.*, 198 U. S. 236, 250.[9]

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[8] When the *Hoeltke* case was before this Court on a Petition for a Writ of certiorari, General Motors moved to file a brief *amici curiae* to argue exactly the same two points as it raises in Questions 1 and 2 here. On page 6 of that brief, General Motors said:

"The industry is one of keen competition. Models are changed yearly and *the success of each model is largely dependent on the improvements and new devices which it contains.* As knowledge of any new invention might lead competitors to equip their product with something similar, each manufacturer endeavors to keep such an invention from becoming known until the model to which it is to be attached is presented to the public. *Prior to that time all such inventions are the closely guarded secrets* of the units which originated them." (Emphasis added.)

[9] The secrecy required in trade secret cases is the same as in common law copyright cases. That law is discussed in Ferris v. Frohman, 223 U. S. 424, 435:

"A public representation of a dramatic composition, not printed and published, does not deprive the owner of his common law

If Petitioner's theory is correct, authors and inventors would not dare approach several prospective purchasers of their common law rights for fear that all could therefore use the ideas free.

In *Smith v. Dravo Corp.* (C. A. 7, April 10, 1953), 97 U. S. P. Q. 98, 102-3, cited by Petitioner, there was a much wider release of information to the public than here, yet it was held that sufficient secrecy existed to support a trade secret:

> "There is no dispute that 100 of plaintiff's products had been in public use at the time of the communication. * * *
>
> * * * * * *
>
> " * * * **the mere fact that such lawful acquisition is available does not mean he may, through a breach of confidence, gain the information** in usable form and escape the efforts of inspection and analysis."
>
> "* * * we are concerned with a relatively complex apparatus; designed to carry large and heavy amounts of cargo; proper **inspection of which was perhaps accessible to defendant, but, in no way shown to have been made.** Under such circumstances the District Court's conclusion that plaintiffs no longer possessed a trade secret at the time of their negotiations with defendant was erroneous." (Emphasis added.)

It was admitted by Petitioner in the case at bar that it did not have access to any of the disclosures Respondent made to the other companies (Admission 4, R. 18). Thus, the disclosure to other automobile companies was irrelevant because Petitioner's sole source of disclosure of the invention was Respondent.

Petitioner's brief p. 25 states: "The filing of a patent application is an unrestricted disclosure" since the Commissioner of Patents could technically rescind his rule of secrecy. However, the following cases have held that the

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right, save by operation of statute. At common law, the public performance of a play is not an abandonment of it to the public use."

mere filing of a patent application is not a public disclosure that is inconsistent with the law of trade secrets, *Sandlin v. Johnson* (C. A. 8) 141 F2d 660, 661; *A. O. Smith Co. v. Petroleum Iron Works* (C. A. 6) 73 F2d 531, 537; *Picard v. United Aircraft Co.* (C. A. 2) *supra; Schreyer v. Casco Products Co.* (C. A. 2) *supra; Smith v. Dravo Corp.* (C. A. 7) *supra.*

In the new patent code, effective January 1, 1953, the Patent Office policy of secrecy has been enacted into the statutory law, see 35 U. S. C. (1952) 122, which provides:

> "Applications for patent shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner."

In view of this new law, it is apparent that cases such as the one at bar, where the original transaction occurred under the old Patent Office rule, are no longer of such public importance as to justify a review by the Supreme Court. If some determination of the relation of the law of trade secrets and the patent law is to be made, it would appear desirable to await a case arising under the new law.

PETITIONER'S QUESTION NO. 3

In View of the Nature of the Evidence of Prior Use a Review of This Case Would be Very Time-Consuming and the Case if Decided Would Have Little Value as a Precedent.

Petitioner asserts that two experimental cars, only one specimen of each type ever having been made, anticipate the patent. This defense depends upon many very large drawings four of which are over nine feet long and one of which is seventeen feet long. There are 88 photographs and other bits of information that must be pieced together to find out what the cars were really like. There is no con-

temporaneous description of either car of record. Petitioner built models in an effort to demonstrate its position[10] and had a few of its witnesses rubber-stamp the models, but there was clear evidence of inaccuracies in them (R. 102-5, 42, 68, 90-1, see also the Appendix to this brief). Moreover Petitioner did not produce or explain, adequately, the absence of the most pertinent drawing (R. 127). The Court of Appeals never found that the models were accurate, or that these prior cars had the features Petitioner relies on. In view of the record we believe that the Court of Appeals was dissatisfied with the proofs to the extent that it was unwilling to make a positive holding as to what the prior cars had, but made purely negative findings as to what they did not have (R. 180):

> "None of these cars, however, had a top which embodied or suggested the essence of plaintiff's invention."

Officials of the Patent Office, lower courts, and patent attorneys desire to compare the patent in suit with the prior art, in cases decided here, to learn all the facts behind the decision. In view of the nature of the record, and in view of the fact that the large drawings and models will not remain on file here, a Supreme Court decision in this case would not be a very valuable precedent in other patent suits.

Respondent Solved a Long-Standing Problem That had Baffled the Best Experts in the Industry for Years.

Referring to the patent in suit (tab. 7 of the book of photographs and patents) we see in Figure 1 a complicated linkage 22, 18, 14, etc., known as a folding pillar. When

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[10] The judges on the Court of Appeals got off the bench and surrounded the large models one by one while they were demonstrated by counsel. As a result the length of the hearing was greatly extended. There is one full size car (D. Ex. 12) in evidence, two full size models (D. Ex. 2 and 14) and many smaller models.

the top is folded down this linkage drops into, the compartment at the rear of the car as shown by the dash lines. The canvas is carried by bows and goes down with the linkage. It is readily apparent that as this complex linkage folds down it would rip the fabric for a foot or two to the rear of the folding pillar in the absence of special precautions (R. 98-9). The industry has for fifty years been confronted with the problem of how to seal the car just to the rear of a folding pillar.

In the prior art after the top had been raised the driver went to the rear of the car and fastened the canvas to the car with snap fasteners or with a cuffed flap on the fabric. The Court of Appeals accurately described the problems present in the prior art (R. 178-9).[11] In addition, in his opening statement, opposing counsel clearly stated the difficulties involved in this art (R. 23):

> "In all of these convertible cars it has been a terriffic problem of weathersealing."

Defendant's experimental engineer De Voss, age 54, who said he had been interested in cars "all my life" testified that the 1933 Phaeton Cadillac of General Motors Corp. was "lousy" (R. 118) and that in 1933 he was looking around to see if someone had solved the problem (R. 119):

> "Q. Apparently you were looking around then in 1933 to see if there were any cars that you thought had

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[11] Additional statements made by General Motors when it was seeking the patent were:

> "This sealing arrangement is a great improvement over the sealing arrangements now in use on convertibles. Some of them have several fasteners of the snap type. Others fold the top material under an inverted channel, but both of these forms have obvious deficiencies. Here one has an automatic seal which is complete and unfailing seal under all conditions. So far as we know and so far as the art cited by the Examiner is concerned the thing is completely new and the applicants of this are entitled to broad claims that will cover all forms of this automatic sealing device * * * [p. 26]. This is a very important application" [p. 37].

satisfactorily solved the problem of properly sealing convertible automobiles in the rear quarter, is that true? A. Yes, that is true, * * *."

De Voss also said that sealing convertibles was "a serious problem" (De Voss deposition, p. 70).

Both courts below held that Respondent's invention solved the problem. The Court of Appeals said (R. 177): Plaintiff "became interested in the problem presented by the convertible automobile top and worked out a device which solved it." The District Court held (R. 8): "The utility of Ackermans is not open to question."

Respondent had a "flash of genius." With his device no buttoning or fastening of the canvas at the rear quarter is required, in fact no manual operations are required at all. If the top is provided with a motor it may be raised by merely pressing a button to start the motor. How can Petitioner say it was all obvious in view of its total failures in 1933 and 1936, and its action in plainly imitating Respondent's disclosure as soon as it was available.

To avoid enlarging this brief with technical matters we have included further details about the patented invention in the Appendix, along with the showing that Petitioner's sketches are wholly misleading.

PETITIONER'S QUESTION NO. 4

Infringement

We will not make a detailed comparison of the devices of Petitioner and Respondent. Infringement is a question of fact, *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U. S. 605. Plaintiff testified that the accused cars "were exactly what I have in my patent except they had a clamp added to it" (R. 32). The District Court found that there were "four major similarities" (R. 5), that infringement was "so apparent" that a full analysis was unnecessary (R. 5), and that all claims in suit were infringed if valid (R. 12). The District Court further found that the

Petitioner's device was the equivalent of the device disclosed to it in 1946 (R. 10). The Court of Appeals approved these findings of fact and said that there was "unquestionably" an infringement (R. 179 and also 180), that Petitioner "adopted the heart of plaintiff's invention" (R. 181) and that there was "imitation" of the thing patented (R. 181).

The fact that Petitioner seeks a review of these clear concurrent findings shows the weakness of its petition, and that it seeks *certiorari* merely to reargue the facts.

CONCLUSION

For the reasons stated above it is respectfully submitted that the Petition should be *denied.*

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APPENDIX

(Brief Statement of the Technical Matters Involved)

In Figure 1 of the patent (tab 7 of the book of photographs) a complicated linkage 22, 18, 14 etc., known as a "folding pillar" folds to the dash-line position when the top is collapsed and unfolds to the position shown when the top is raised. This "folding pillar" moves very close to the inner side wall of the car as shown in Figure 2, but must, of course, be spaced therefrom. The folding pillar and bows such as 25 carry the canvas with it. Due to the folding pillar and its relationship with the inner side wall, the fabric will be ripped for a foot or two at the rear of the pillar in the absence of special precautions. The small space between the pillar and the inner side wall naturally makes it difficult to secure a working arrangement.

In the prior art the almost universal practice was to effect the seal on the outside of the body instead of the inside. The fabric was loose to the rear of the pillar and after the top was raised the driver walked to the rear of the car, lifted the fabric to the outside of the body and then snapped it onto the outside of the body. General Motors had another scheme in which the fabric had a cuff much like that on men's trousers, except the cuff faced inwardly. After the top was raised the driver got out of the car and tucked the cuff under hooks or an inverted channel. There had been many attempts to improve this situation and frequently the fabric was ripped even though it was outside the car (R. 26). The Court of Appeals quoted from the General Motors' Mackie patent to show the problem (R. 178-9) and a reading of that at this point is necessary to follow the continuity of this Appendix.

In 1936 General Motors built a single experimental car which was tested for over a year by Semon Knudsen, son of the president of General Motors. Knudsen said that this car was sealed by the cuffed flap idea described above (R. 42-3):

"Q. * * * Then you would have to get outside the car and put this flap over the belt line all around the car, wouldn't you? A. That is correct."

* * * * * *

"Q. And they had a cuff here that you would tuck in under some hooks or some other device that would be on the outside of the car? Is that right? A. That is correct."

Petitioner's sketch of the 1936 Cadillac, appended to its brief, does not show this cuff or the hooks therefor.

Knudsen testified that in the absence of certain lids, not shown in Petitioner's sketch, there was no seal at the belt line (R. 44, 79), *yet Petitioner's sketch shows the fabric touching rubber without any lids.*

Moreover, Petitioner's sketch of the 1936 Experimental Cadillac states below it "Defendant's Exhibit 5," but that exhibit is nine feet long, shows all the lids, etc., and, above all, does *not* include what Petitioner shows. Def. Ex. 5 includes a cross-section at the extreme rear of the car but there is no drawing in evidence showing rubber along the side wall. Petitioner's draftsman Jaros so testified (R. 49-50):

"Q. * * * Isn't it true that every section you have that shows the back of the car shows the sponge rubber, but none of them show it at the side of the car? Isn't that right?

"(The Witness) Yes sir."

Yet, the drawing in the rear of Petitioner's brief has a legend "Body Inner Side Wall" and a rubber "Cushion on Body." Petitioner's Chief Draftsman Humer confirmed that there was no such drawing in evidence (R. 126-7):

"Q. Mr. Humer, there is no drawing to which you can make reference which shows a cushion along the side wall of the car, is there? A. Well, there is supposed to be drawings on that, but where they are now, that was 1936, and there was sections made all the way, one after another, on an extra layout, and I don't know where that would be; they cannot find it at Fleetwood,

> they have been looking for it, I don't know for how long * * *."

While there was oral evidence that rubber existed at the side, there is doubt if it is acceptable under the rule of *Smith v. Hall,* 301 U. S. 216, 222; See also *Zachos v. Sherwin Williams Co.* (C. A. 5) 117 F2d 762, 763:

> "* * * we find no relaxation or modification of the rule of cases establishing the requirements of proof when prior use is relied on. * * * The rule is * * * that as a practical matter oral testimony alone, unsupported by writings, has not been, and will not be accepted."

It is clear that Petitioners' brief, while attempting to show the rubber along the side wall, represented that it had a drawing (Defendant's Exhibit 5) showing rubber at the side, whereas it does not.

Petitioner's brief does not show a longitudinal view which is most important. This will be discussed later.

In addition to the above discussed 1936 experimental Cadillac, there was also another experimental car, only one of which was built, known as the 1933 Cadillac Phaeton. The details of it were first shown on five drawings respectively 17 feet, 15 feet, 9 feet, 5 feet and 4 feet long, all of which drawings are in evidence. But when it was built according to the drawings it did not work (Compton deposition p. 24):

> "* * * we built up this job according to the drawings, and after we built it up we found that it wouldn't go down in the compartment * * * And then we had to build a whole complete new job."

The drawings were never changed to show the revised workable top (Humer deposition p. 29), and Defendant's Experimental Engineer De Voss during the course of his deposition drew Def. EX. 39 (R. 169) which he said was a cross-section of the 1933 Cadillac Phaeton (De Voss deposition p. 66):

"Q. Now as I understand it, Mr. De Voss, Exhibit No. 39 shows the top fabric as you recollect it, whereas Exhibit 40 is a sketch showing how in your opinion the top should have been constructed? A. That is right, yes."

The De Voss sketch, Def. Ex. 39, (R. 169) is quite different from the showing in Petitioner's brief.

Moreover, the sketch of the 1933 car in Petitioner's brief does not show the real means for weatherproofing *which was a flap over the outside of the car.* Defendant's deposition witness Compton, who had worked on convertible tops all his life testified (R. 116):

"Q. There was not any cushion on this 1933 car, was there? A. No.

"Q. In fact, *the weatherproofing was accomplished by the flap over the outside of the car,* which was in your mind, as I understand it, *quite different* from the cushion idea? A. That is right." (Italics added.)

It is noted that Compton had spent his life working for General Motors on convertible tops (R. 113) and was one of the masters of the art. He thought the cushion idea was a real advance as the above quotation indicates.

The Ackermans patent in suit utilizes the forward pull of the folding pillar to seal the car, instead of manual operations. If the folding pillar is driven by a motor the whole operation is automatic. Respondent attaches the fabric to the upper edge of the body all around the rear of the car except for a foot or so to the rear of the folding pillar. For example in Figure 1 the fabric is attached to the body at 132. Then in the slot formed between the folding pillar and the inner side wall, when the top is folded down, there is a "prolongation" on the fabric. Each claim in suit recites this prolongation. The prolongation 130 is fastened at its rear end to the upper edge of the body 132 and at its front end to the folding pillar. The pillar swings in a plane spaced away from the inner side wall, and a rubber cushion 128 is carried by the prolongation. The arrangement is such that as the pillar rotates

forward the projection first rises upward and as the pillar moves to its final position the forward tension causes the rubber cushion to move sidewise against the inner side wall of the car. Respondent testified (Tr. 412):

> "(The Court) * * * The crux of your invention is in that cushion?
>
> "(The Witness) Not the cushion alone.
>
> "(The Court) The way the cushion is put in?
>
> "(The Witness) The way the cushion is put in in cooperation with the forward pulling of that folding pillar and the way it is anchored to the body gives the condition which permits the cushion to move sidewise. My cushion moves sidewise."

Briefly there are three great advantages not in any prior art citation (a) the seal is effected without manual operations, (b) the water that does enter (and it enters all tops) is directed parallel to the inner side wall and may be caught in a trough, and (c) the belt line of the car is exposed thus greatly improving the appearance of the car (The Court of Appeals so found R. 177), and thereby improving the commercial attractiveness of the car to ultimate purchasers.

In the 1936 Experimental Cadillac and the 1933 Phaeton the fabric is nowhere attached to the body at the belt line and it is impossible to produce longitudinal tension there. In the 1933 car the fabric is not attached to the pillar within a foot of the belt line. There is no contemporaneous drawing showing the relation of the fabric and the pillar on the 1936 car. Since the fabric is nowhere anchored at the belt line, it is wholly impossible to get any horizontal tension in the fabric. The findings of the District Court to the contrary are so completely inconsistent with elementary mechanics as to be worthless.

We note that Petitioner's sketches in the rear of its brief do not show the longitudinal views which are necessary to determine the presence of tension.

Moreover, these prior cars did not have "folding" pillars, the things that cause all the trouble. Their pillars merely swung without folding.

In both these prior cars, the sealing was done outside the car by flaps, as stated above, and numerous manual opera-

tions were required. Knudsen enumerated nineteen manual operations required to raise the 1936 top (R. 42-3) and Compton enumerated a number required to raise the 1933 top (R. 116). Respondent's device eliminates all of these operations.

These prior cars were failures. Petitioner's Experimental Engineer De Voss branded the 1933 car "lousy" (R. 118). No others like them were ever made. After Petitioner copied Respondent's idea and was sued, Petitioner attempted to distort these prior failures into something like the patent by suppressing the most pertinent drawing (R. 127) and distorting the others with oral testimony. Judge Parker of the Court of Appeals is better able to read complex drawings than any judge we have been before. He carefully compared the original drawings with the patent in suit and pronounced them entirely different. It was perfectly obvious to him that the District Court's findings contradicted the plain mechanical facts. The Court of Appeals held (R. 180-1):

> "None of these cars, however had a top which embodied or suggested the essence of plaintiff's invention."
>
> * * * * * *
>
> "The facts that the construction of the early cars relied upon were not followed, and not until plaintiff came forward with his cushion under tension was any serious attempt made to dispense with the buttoning or fastening of the canvas to the rear of the car, are circumstances which argue most forcefully as to the novelty and utility of what plaintiff had accomplished."

When Petitioner General Motors applied for a patent it called the idea a "broad invention" (R. 161). Now it tells this Court it was all elementary.

While acting on one of the General Motors' applications for patent the Examiner of the United States Patent Office described the extreme difficulties necessary to produce Respondent's invention (R. 143). This is important.

The patent in suit and the prior art are entirely different.

FILED
JUN 8 19
HAROLD B. WILLEY

United States of America

IN THE

Supreme Court of the United States

OCTOBER TERM, 1952

No. 812

GENERAL MOTORS CORPORATION, ET AL.,
Petitioners,
vs.
JOHN W. J. ACKERMANS,
Respondent

REPLY BRIEF FOR PETITIONERS

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REPLY BRIEF FOR PETITIONERS

The import of Respondent's brief is that this case involves only issues of fact, and by discussing at great length the pro and con of the facts developed at the trial before the District Court, Respondent endeavors to lead the Court away from the law issues presented by the Petition.

Respondent tacitly admits (Br. 1) that the law questions presented by the Petition are raised by the decision of the Court of Appeals but attempts to avoid them by the discussion of the facts and argument that the Court of Appeals decision on questions of law is correct without explaining why the legal questions "are never reached".

THE SUBJECT MATTER OF THIS CASE IS SIMPLE

Respondent under the heading Petitioner's Question 3 on pages 13 to 16 would lead the Court to believe that this case involves complex structures that will require substantial time of the Court to comprehend and decide. Actually, this is not the case as there is involved only a matter of placement of a weatherstrip between the top fabric and the body of a convertible automobile to keep air and water out. The Respondent admits that everything in his top that is involved here is old with his only possible contribution extending to what he terms a cushion that is placed on the top fabric, (R.31).*

THIS IS NOT AN ORDINARY PATENT AND TRADE SECRET CASE

This point is covered in the Petition, pages 13-22.

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*The District Court found:

"But Ackermans himself testified that the crux of his invention, namely, the novelty of his device, is embodied primarily in the socalled cushion attached to the flexible fabric, that is, the padding or thickening of this fabric where it is stretched along the belt line in the body of the car." (R.8)

THERE IS NO EXPRESS OR IMPLIED CONFIDENTIAL RELATIONSHIP

Respondent at the outset of its brief makes a basic assumption that there was a confidential relationship established by the mere unsolicited disclosure to the Petitioner of Respondent's patent application and then proceeds to build the case on this assumption.

But Respondent, fearful of this position, goes further and now for the first time alleges that there was an *express* agreement of confidential relationship between Petitioner and Respondent, (Br. 10). *This is a misstatement of fact* as no statement in the record or the pleadings can be found which supports such a position. See infra App. 2.

The District Court expressly found that Ackermans' submission was neither "in confidence" nor intended to be so, (R.11). The Court of Appeals did not find any *express* agreement to keep the submitted application confidential but founded its holding on the principles enunciated in *Hoeltke v. Kemp* 80 F. (2d) 912.

FINDINGS OF FACT OF THE DISTRICT COURT WERE NOT CLEARLY ERRONEOUS

Respondent on pages 4 and 5 of its brief, attempts to point out what it alleges to be two clearly erroneous findings of the District Court, and thereby discredit all of the findings of the District Court.

Respondent alleges that the statement of the District Court (R.10) that "the testimony of *all* the persons who actually worked on the General Motors' folding top" (Br. 4) is an erroneous statement. This allegation is not true for it is obvious that all the District Court intended to refer to was the testimony of all the persons who were witnesses, and to say that all of the witnesses testified to the effect that they never saw or heard of the Ackermans' idea before they developed their own top, (R. 72, 82, 83, 115).

Of the four inventors of the General Motors' folding top, namely Mackie, Duluk, Compton and Coppock, the first three were called as witnesses in the District Court and Coppock gave a pre-trial deposition at the request of Respondent who at that time had the opportunity of interrogating Coppock on copying of the Ackermans' disclosure, but *Respondent chose not to put Coppock's deposition in evidence.*

As to the alleged error of the District Court "that there was nothing in the record to show that Respondent intended to submit his application 'in confidence' " (Br. 5), it is clear from the record that Respondent never stated that Petitioner received the application "in confidence", nor did it call any witnesses to such effect. The statement of the District Court is fully supported by the record on this point.

The uncorroborated testimony of Ackermans, which the District Court chose not to believe, is the only testimony in the record that he submitted his application "in confidence" to the automobile industry, *other than General Motors.*

Beatty and Dumville, both of whom attended the conference with Ackermans at which he submitted his application and were present in Court, would have contradicted Ackermans if he had testified that he submitted the application "in confidence" to General Motors. But Beatty and Dumville were not present when Ackermans submitted his application to the rest of the automobile industry and obviously were not competent to contradict Ackermans statement with respect to his submission to the rest of the industry.

Respondent fails to point out any "clear error" of the District Court on which the Court of Appeals could base reversal under rule 52(a) of the Rules of Civil Procedure.

THE COURT OF APPEALS FAILED TO APPLY THE RULE OF THE A & P COMPANY CASE

Respondent's brief on page 6 makes note of the fact that the Court of Appeals has frequently cited and applied *Great Atlantic & Pacific Tea Co. vs. Supermarket Equipment Co.* 340 U.S. 147. None of the cited cases involve a charge of breach of confidential relationship. The Court of Appeals failure to apply the rule of the A & P case where the charge of patent infringement is combined with a claim of breach of confidential relationship indicates that the Court of Appeals does not consider the rule of the A & P case applicable in such cases, thus ignoring the dominant public interest which requires that an invalid patent be so declared, *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.* 294 U.S. 477, and *Scott Paper Co. v. Marcalus Mfg. Co.* 326 U.S. 249.

THERE IS NO PROOF SHOWING THAT PETITIONER COPIED RESPONDENT'S DISCLOSURE

The District Court held that Petitioner did not copy (R. 10). Following the rule in the Hoeltke case, the Court of Appeals presumed copying from the similarity of Petitioner's folding top to that shown in the Ackermans' patent.

PUBLIC IMPORTANCE

That Question 1 of the Petition is not merely a question of evidence applicable to common law actions but a Federal question of great public importance is demonstrated on pages 13 to 22 of the petition.

RULE OF "REASONABLE DOUBT" HAS NO PLACE IN TRADE SECRET CASE

Respondent, on page 9 of its brief, in discussing the quantum of proof required in establishing a breach of confidence, admits by its citation of *Liggett & Myers Tobacco Co. v. Myer,* 101 Ind. 420; 194 N.E. 206, that the quantum of proof required is only "a fair preponderance of the evidence". If this is the fair quantum of proof for Plaintiff to establish a breach of confidence, certainly equity requires that the Defendant be under no heavier burden to establish absence of a breach. Petitioner's position on this point is presented on pages 18 to 24 of the petition.

BECHER v. CONTOURE LABS. NOT IN POINT

On page 10 of its brief, Respondent states that a breach of confidence suit does not conflict with the patent law in *Becher v. Contoure Labs.* 279 U.S. 388. The Becher case is not in point because it involves an entirely different factual situation.* In the Becher case the plaintiff was not suing both to protect a trade secret and to enforce a patent thereon and the rule of reasonable doubt was not involved.

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*(In the Becher case, the Defendant was the owner of the trade secret. The Plaintiff in breach of a confidential employment contract misappropriated the trade secret, obtained a patent thereon, and brought suit for infrigement against defendant. The defendant was defending solely against patent infringement and urged as its defense that the plaintiff had misappropriated the defendant's trade secret.)

RESPONDENT THROUGH HIS PATENT APPLICATION AND SUBMISSIONS TO THE AUTOMOTIVE INDUSTRY ELECTED TO STAND ON HIS PATENT RIGHTS

On this point see Petition, pages 25-27. Having elected to stand on his patent application, to the extent that patent rights would be granted on the application, Ackermans was protected so that the submitees were not free to use its ideas as stated by Respondent on page 12 of its brief.

Smith v. Dravo, 97 U.S.P.Q. 98, is factually quite different from the instant case.*

As pointed out on page 21 of the Petition, *Smith v. Dravo* enunciated the harsh rule that similarity standing alone is adequate basis to find misappropriation and thus as a practical matter bars the defense of independent invention either prior or subsequent to the Plaintiff's submission of his trade secret.

Whether or not the rule enunciated in *Smith v. Dravo* violates the due process clause of the Fifth Amendment is one of the questions raised by this petition.

In our opinion, the change of the patent law referred to in Respondent's brief (Br. 13) will not so alter the situation as to make the rule of election urged in this case a moot question under the new law as the Respondent suggests.

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*(In that case the Court held that complete information concerning the trade secret matter could not be ascertained from an inspection of the apparatus, hence the use of 100 of the products was not such a disclosure as would cause loss of trade secret rights.

In the case at bar, however, a mere inspection of Respondent's patent application discloses everything concerning which Respondent can urge any trade secret rights. Thus Respondent's indiscriminate disclosure to everyone in the automotive industry *who would have any use for Respondent's disclosure* results in a sufficiently wide public dissemination of the disclosure as to cause Respondent to lose any rights he might urge under the law as applied to trade secrets.)

RESPONDENT INCORRECTLY STATES THE RECORD RELATING TO THE PRIOR USE AUTOMOBILES

The Respondent urges on pages 13 and 14 of its brief that there is no "contemporaneous description" of the prior use automobiles of record, to wit: the 1933 and 1936 Cadillacs. *This is an incorrect statement of the record.* There is of record in this case Defendant's Exhibits 1, 3 to 9, 16, 17, 23 (R. 163 to 168) which are *all contemporaneous photographs, original drawings, sales and shipping data* which clearly establish the existence of the cars in the years urged, this evidence fully documenting the oral testimony of the witnesses who designed, engineered, constructed and owned "the 1933 and 1936 Cadillacs." Respondent admitted the sale of the 1933 Cadillac. (R. 82)

Petitioner made a diligent, time-consuming search and produced all of the drawings they could find on the 1933 and 1936 Cadillacs. *There is no evidence whatsoever of suppression of evidence.*

Likewise, there is no evidence to support the statement that the Court of Appeals was dissatisfied with the proofs. The District Court held that the cars had been satisfactorily proven (R. 6) and the Court of Appeals accepted these findings. The Respondent's quotation (Br. 14) refers only to the fact that the weatherstrip was not found on the *fabric* of any of these cars.

PETITIONER DOES NOT INFRINGE RESPONDENT'S PATENT

Respondent seeks to dispose of Question 4 by referring to Respondent's testimony and the ruling of the District Court and the Court of Appeals. Respondent ignores entirely Respondent's counsel's tacit admission (R. 22) of non-infringement if the claims of the patent are construed to cover only what the Court of Appeals set out as constituting Respondent's invention. (R. 177)

RESPONDENT DID NOT SOLVE ANY PROBLEM

Respondent's claim that he had a "flash of genius", (Br. 16), because with his device no buttoning or fastening of the canvas at the rear quarter is required, is a gross overstatement, because Kettering, who in 1938 purchased the 1936 Cadillac from Knudsen, testified with respect to the 1936 Cadillac as follows:

> "Q. What do you remember of the top? A. I remember particularly the fully concealed top which was the unusual feature of the top and the fact that *you did not have to snap and unsnap a lot of gadgets to put the top up or down.*" (R. 74)

In addition neither the 1933 Cadillac nor the Bessonneau top (DX26, 28) required any external fasteners.

Respondent further urges (Br. 14) that the alleged Ackermans invention solved a long-standing problem, and urges this in the face of his own admission in Respondent's brief, (App. page 5) that water "enters all tops" and "may be caught in a trough". This admission negates any concept that Respondent has made a solution to any problem.

RESPONDENT'S APPENDIX

In an Appendix to its brief, Respondent seeks to reopen factual issues all of which were decided against Respondent by the District Court and these findings were accepted by the Court of Appeals. The District Court found (R. 6):

> "In these earlier folding tops there was a juncture of the flexible fabric with the belt line of the car at or near its top, or a fastening of this fabric, at varying depths, to the body of the car below the belt line; keeping it tight and snug along the belt line in varying degrees, by application of stretching pressure when the top was completely raised; and also by weatherstripping the belt line, as was done in in the 1936 V-8 model Cadillac."

In view of these findings by the District Court and their acceptance by the Court of Appeals, these findings should not be disturbed. The Court of Appeals distinguished the Ackermans claims over this prior art only by the fact that in the Ackermans patent the weatherstrip is on the fabric instead of upon the body at the belt line.

Respectfully submitted,
ARTHUR RAISCH
DUWARD C. STALEY

APPENDIX

SPECIFIC ANSWERS TO OTHER INCORRECT STATEMENTS IN RESPONDENT'S BRIEF

Respondent's brief, page 15, quotes Petitioner's counsel as follows:

> "In all of these convertible cars it has been a terrific problem of weathersealing."

The quoted sentence is incomplete and should read:

> "In all of these convertible cars, it has been a terrific problec of weathersealing *and it isn't licked yet." (R. 23)*

On pages 15 and 16 of this brief, Respondent quotes DeVoss as follows:

> "Q. Apparently you were looking around then in 1933 to see if there were any cars that you thought had satisfactorily solved the problem of properly sealing convertible automobiles in the rear quarter, is that true? A. Yes, that is true, * * *"

Again the quotation is incomplete and fails to present the true purport of DeVoss's testimony. On page 119 of the record, DeVoss testified as follows:

> "Q. (By Mr. Hall, continuing): So then you do not know of any automobiles that in 1933 satisfactorily solved the problem of sealing the convertible top at the belt line near the rear quarter, is that right? A. *I don't think we know of any today that are satisfactorily sealed. As soon as you get the high speed, you get the pressure up in there, and you are all done, the water goes in the top. We are not much closer today than we were then, as far as I am concerned.*"

On App. 6, Respondent accuses Petitioner of "suppressing the most pertinent drawings (R. 127) and distorting the others with oral testimony." There is absolutely nothing in the record to support either of these statements.

Respondent's brief, page 2, quotes from the record (R. 33) as follows:

> "* * * and they (Ford, General Motors and Chrysler) were all of the same opinion; all the work in these departments is secret."

The bracketed matter does not appear in the record and the record affords no justification for including General Motors in the bracketed matter as the question was directed only to automobile companies other than General Motors and Ackermans was answering only with respect to Chrysler and Ford. This is the sole basis for the following statement on page 10 and other statements to the same effect in the brief, (pages 2, 5, 10 and 11):

> "Moreover, in the case at bar there was an express agreement that there was a confidential relationship, see page 2 of this brief."

It should be noted that in the second paragraph of the quote in Respondent's brief, page 2, that the term "other companies" refers to companies other than General Motors. (R. 107)

On pages 2 and 3 of Respondent's brief there is the allegation that Petitioner makes an erroneous statement in its brief concerning the top development that was done by Coppock. Petitioner's statement is strictly in accordance with the record. The only appli -

cation involving Coppock was not filed until March 19, 1950, after Mackie and Duluk had filed their application on their top development in August, 1949. Obviously, the Mackie and Duluk invention is ahead of the Coppock & Compton invention.

The significance of Mackie's testimony quoted in part on page 3 of Respondent's brief, can only be understood by full quotation which reads as follows, (R. 73):

> "A. This thing came up, and I say, this thing was being worked on, and I talked to my supervisor about working on it myself, and he said he would get the time for me to work on, and Duluk work with me on this; and we talked about it, ourselves. And, at that time, this sealing was developed, but there was no particular discussion with everybody in the organization that we were working with.

Respondent has questioned the accuracy of the sketches of the 1933 and 1936 Cadillac top seals appearing in the sheet appended to the petition. The sketch of the 1933 Cadillac is a copy of Section *CC* of the drawing of the 1933 Cadillac top, Defendant's Exhibit 9. The sketch of the 1936 Cadillac is based on the drawing dated April 21, 1936, of the 1936 Cadillac, Defendant's Exhibit 5 and fully substantiated by the testimony of the witnesses. (R. 46, 38, 52, 53, 47, 76, 125, 130 and 131)

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